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TANKER HIT — A crew member of a U.S.-operated Panamanian tanker looking through a hole in the ship caused when an Iranian speedboat attacked it Friday in the Gulf. Page 2.

Kiosk 3 Are Killed In Bombay Riot BOMBAY (Reuters) — Three rioters were killed by the police in Bombay on Friday as Hindus and Muslims fought pitched battles with one another and with the police after India's loss to England in a World Cup cricket match.

French Nuclear Test CANBERRA, Australia (UPI) — France has tested its 88th underground nuclear bomb at Mururoa atoll in the Pacific, the Australian government said Friday, Bill Hayden, the foreign affairs minister, said the test, which he condemned, was carried out Thursday.

Monday Dow close: DOWN 26.36 The dollar in New York: DM £ Yen FF 1.6705 1.787 134.95 5.673

Philippine Communist Assails U.S. 'Meddling' By Keith B. Richburg Washington Post Service MANILA — A top spokesman for the outlawed Communist Party of the Philippines on Friday accused the U.S. government of "meddling" in the counterinsurgency campaign here, and he warned that America might "pay a high price for its political-military intervention in terms of American lives and property."

Unions Vow Wider Strike In Lebanon Beirut — Labor leaders vowed Friday to escalate a nationwide general strike to protest runaway inflation but some businesses defied the stoppage as harmful to an economy already crippled by more than 12 years of civil war.

Ginsburg Admits Using Marijuana 'a Few' Times He said Judge Ginsburg's drug use was limited to "a few experiments," adding, "I'm sure there were a great many people who did that, at that particular period."

For Some Israelis, the Good News Turns Out to Be No News By Thomas L. Friedman New York Times Service JERUSALEM — Israeli radio and television workers walked out on strike four weeks ago, counting on the traditional Israeli addiction to news to force the government into conceding quickly to their wage demands.

Nicaragua Relents On Talks Ortega Offers Contras Indirect Negotiations By Stephen Kinzer New York Times Service MANAGUA — In a step that could lead to a breakthrough in the Nicaragua conflict, the Sandinista government has announced that it is prepared to negotiate indirectly with rebel leaders on a cease-fire.

Madrid Moves On Bases It Signals End To U.S. Pact, but Talks Will Go On By Edward Cody Washington Post Service MADRID — The United States and Spain resolved Friday to continue negotiating on reductions in U.S. military forces despite Spain's intention to renounce a 34-year-old treaty allowing U.S. bases on Spanish soil.

Dow Declines 26.36, Dollar Lower The Dow Jones industrial index fell 26.36 points, and declining stocks outpaced gainers. Page 14.

Imperial Blessing Japan's new prime minister, Noboru Takeshita, bowing to Crown Prince Akihito during a ceremony on Friday at the Imperial Palace in Tokyo following Mr. Takeshita's election by parliament and his announcement of a new cabinet. Page 2.

Madrid Moves On Bases

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IMPERIAL BLESSING — Japan's new prime minister, Noboru Takeshita, bowing to Crown Prince Akihito during a ceremony on Friday at the Imperial Palace in Tokyo following Mr. Takeshita's election by parliament and his announcement of a new cabinet. Page 2.

For Major Nations' Economies, No Easy Answers

By Leonard Silk New York Times Service NEW YORK — The skeptical Germans have at long last said "enough," and the leading nations of the world are finally moving in concert to calm the financial markets and prevent the disorders of October from building into a global economic tragedy.

Unions Vow Wider Strike In Lebanon

BEIRUT — Labor leaders vowed Friday to escalate a nationwide general strike to protest runaway inflation but some businesses defied the stoppage as harmful to an economy already crippled by more than 12 years of civil war.



A Lebanese youth scavenges through a garbage pile for trash that might be turned into money to help his family cope with the country's deepening economic crisis.

Ginsburg Admits Using Marijuana 'a Few' Times

WASHINGTON — President Ronald Reagan said Friday he would not withdraw the Supreme Court nomination of Douglas H. Ginsburg, who has admitted smoking marijuana, and said his candidate would survive "if there's any justice in Washington."

Philippine Communist Assails U.S. 'Meddling' (continued) The organization is the front group for both the Communist Party of the Philippines and its military wing, the New People's Army.

Madrid Moves On Bases (continued) The chief Spanish negotiator, Maximo Cajal, and the head of the U.S. team, Ambassador Reginald Bartholomew, said after two days of talks that the two sides would meet again in mid-December after a formal notification by Spain that it does not want to renew the pact when it expires May 14.

Unions Vow Wider Strike In Lebanon (continued) Beirut International Airport and the city's seaport remained closed. Planes and ships were diverted to ports in Syria and Cyprus.

Ginsburg Admits Using Marijuana 'a Few' Times (continued) The president's wife, Nancy, in a statement relayed by his press secretary, Elaine Crispin, said, "Unfortunately the '60s and the '70s were a time when a lot of people experimented with pot. Apparently he did, and I'm sorry about that."

Nicaragua Relents On Talks (continued) (While asserting that the move was a victory for the contras, rebel leaders in Honduras predicted that Mr. Ortega would choose an intermediary, Agence France-Presse reported from Managua. The cardinal, who is archbishop of Managua)

Philippine Communist Assails U.S. 'Meddling' (continued) Mr. Ocampo's statement made no mention of the murders of three Americans on Oct. 28 in Angeles City, outside Clark Air Base.

Madrid Moves On Bases (continued) Mr. Ocampo said something, radio reporters would turn to Prime Minister Yitzhak Shamir to get his reaction, and then a third minister would jump in.

Unions Vow Wider Strike In Lebanon (continued) Mahmoud Halaby, a West Beirut butcher, also resumed work Friday. "I support the GCLU demands, but everyone knows that there is no authority to deal with the economic crisis," Mr. Halaby said. "The strike will lead us nowhere."

Ginsburg Admits Using Marijuana 'a Few' Times (continued) Judge Ginsburg acknowledged. See COURT, Page 7

Nicaragua Relents On Talks (continued) Immediately after the radio and television went off the air some people got nervous because they did not know what was going on, said Akiva Eldar, the diplomatic correspondent of the newspaper Ha'aretz.

Philippine Communist Assails U.S. 'Meddling' (continued) Mr. Ocampo added, "All U.S. military and civilian officials and personnel involved in carrying out the 'total war,' whether as advisers, intelligence operatives, action

Madrid Moves On Bases (continued) Mr. Ocampo said something, radio reporters would turn to Prime Minister Yitzhak Shamir to get his reaction, and then a third minister would jump in.

Unions Vow Wider Strike In Lebanon (continued) Western diplomats said the government was slightly detached from the public.

Ginsburg Admits Using Marijuana 'a Few' Times (continued) Judge Ginsburg acknowledged. See COURT, Page 7

Nicaragua Relents On Talks (continued) Then they suddenly discovered that nothing bad was really happening to them," he added. "Who cares about Jacques Chirac visiting? Who cares about what Shamir said about Peres? It is like



BRIEFS

Le Beirut Hostage Deal... South Korean diplomat... So Gil said that the diplomat... Match Is Drawn... India to Upgrade Tie...

India to Upgrade Tie... about Junius R. Jayawardene... the U.S.S.R. and India... 10 Die in South China Storm...

Republicans Offer Plan to Cut Deficit \$75 Billion

The Associated Press WASHINGTON—Republican budget negotiators presented President Ronald Reagan with a plan to reduce the federal budget deficit Friday and urged him to consider cuts in the Social Security pension program.

Senate Budget Committee, who presented the plan Mr. Reagan was given Friday, said late Thursday that the talks had reached "a growing frustration level, and that's good."



President Ronald Reagan and Robert H. Michel, Republican of Illinois.

Europeans Shifts in Reagan Cabinet Stir Lame-Duck Troubles

Weinberger Resignation

The Associated Press LONDON—West European commentators have reacted to the departure of Caspar W. Weinberger as U.S. defense secretary with a wide range of praise and criticism.

By Mary Thornton Washington Post Service WASHINGTON—It is a problem common to many administrations: the lame-duck cabinet. In the case of the Reagan administration, it has been complicated by recent changes that brought in four new secretaries.

"Now he wishes to do it more in advance, because he's resigning, I understand," Mr. Arbatov said.

"There's always an opportunity at the margin to do a little something here or there," he continued, "but it's a frustrating job, even though it's a good experience."

REL UPDATE

Lee From Heathrow... Yugoslav Cabinet Is Urged to Rest... CHURCH SERVICE...

INTERNATIONAL HERALD TRIBUNE... To place an advertisement in this section...

Nonecandidate Cuomo Is Urged to Stay Home

Though Governor Mario M. Cuomo insists he is not running for president, he travels this year have taken him as far as Moscow.

BEIJING—At least 10 people were killed and 100 injured when heavy winds and a tornado carrying hail swept through the southern province of Jiangxi on Friday.

AMERICAN TOPICS

dersecretary Robert Ortner is unremoved. "We want the public to respond as close to 100 percent as possible," he says.

Hollywood now offers "Grave Line Tours," which take the morbidly curious in a converted hearse to the scenes of assorted celebrity suicides, murders and scandals.

The Washington Post says Mr. Cuomo, while not commenting on Mr. Hagan's remarks, telephoned Paul G. Kirk Jr., chairman of the Democratic National Committee, and asked whether he should make a statement categorically refusing a draft.

NEW YORK—The question is whether the salamanders will go in there at all. Mr. Winston said lending will block the salamanders from crossing the road and guide them into the tunnels.

Short Takes

Tiny tunnels to protect migrating salamanders from cars are being carved into a street in Amherst, Massachusetts.

The U.S. Commerce Department has refused requests to adjust census figures to include people who are missed in the national head count, which is held every 10 years.

The U.S. Commerce Department has refused requests to adjust census figures to include people who are missed in the national head count, which is held every 10 years.

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Advertisement for Stolichnaya vodka. Includes images of bottles, a glass of vodka, and text: 'AND PRIJATNOGO APPETITA. The Russian words for "cheers" and "bon appetite".' and 'Only vodka from Russia is genuine Russian vodka.'

Advertisement for diamonds. Text: 'DIAMONDS YOUR BEST BUY Single diamonds at wholesale prices by ordering direct from Antwerp, the world's most important cut-diamond market.'

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The People Want Peace

Never mind the conflicting signals buzzing around Central America as the first phase of a regional peace plan came into effect Thursday...

Cosmetic Devaluation

Forced to choose between higher interest rates and a lower dollar, the Reagan administration has now explicitly decided to let the dollar keep falling...

The Wrong Haitian Side

At the voting urns and in the streets, Haiti's people have declared themselves emphatically in favor of a free presidential election later this month...

The Voters Are Mobile

American voters have spoken just about everywhere they will speak in what is the most off of off-years. Do the results, taken together across the nation, tell us anything about where the country is going?

What Gorbachev Dares to Bare Is Dangerously Little

NEW YORK — Mikhail Gorbachev's speech last Monday was a microcosm of the reform process that he has been leading...

Democratization is hindered by the party's monopoly on power, by a vast bureaucratic machine and by the passivity of citizens who know that the party has always arrogated to itself, and still does, the right to act in their name.

that arise concerning his prospects for reforming the Soviet system in general. Those Soviets and Westerners who were disappointed with the speech should remember words attributed to Mr. Gorbachev in the summer of 1986...

legal guarantees that might have prevented Stalin's abuse of power. Lenin's 1921 ban on factions allowed Stalin to reduce and then eliminate intraparty democracy...

Either Way You Look, East or West, the Future Is Hazy

LOS ANGELES — As I hop across the country, the question people keep asking me is, "Can we trust Gorbachev?"

China's Deng Xiaoping did at the beginning of the year when he pushed out his protégé Hu Yaobang as party leader. But why then the extraordinary Moscow leak claiming that the real trouble in Mr. Gorbachev's entourage came from a protégé, the Moscow party chief, Boris Yeltsin...

By Flora Lewis

defense of such secrecy by Alexander Yakovlev, who spent time as an exchange student in New York and wound up quite anti-American. Later he was exiled by Leonid Brezhnev, sent as ambassador to Canada because he was too reformist...

justice but in his own self-interest. For the very forces he declines to trace to their roots are the ones that helped bring down Mr. Khrushchev and may do the same to him...

The writer, professor of political science at Amherst College, is a senior fellow at Columbia University's Harriman Institute for Advanced Study of the Soviet Union. He contributed this column to The New York Times.

How a Third Party Almost Got the Superpowers Into War

KENSINGTON, California — Early on a Sunday morning 25 years ago Moscow radio began broadcasting Nikita Khrushchev's full acceptance of John Kennedy's proposal...

By Daniel Ellsberg

That is to say, they sent it by car, very fast: as a matter of fact, the car ran into some trouble on the way, an obstruction, which delayed it. When it arrived, the manager of the station himself ran down the steps, snatched the message from the hands of the man in the car and ran up the steps to broadcast it immediately.

We would have shot down some planes. I don't know whether this would have started the nuclear war.

one of them from Robert Kennedy in 1964 while studying communications between governments in nuclear crises. He told me—in more detail than he later made public in his memoir, "Thirteen Days"—that at his brother's direction on Saturday evening, Oct. 27, he began a secret discussion with the Soviet Ambassador, Anatoli Dobrynin. He said he was impressed on the ambassador's serious implications of the attacks that day on American reconnaissance aircraft.

missiles and his surface-to-air missiles, with heavy Soviet casualties and the likelihood of further escalation as soon as U.S. reconnaissance planes entered Cuban air space...

In his memoir, Mr. Kennedy wrote that he told the Soviet ambassador that "our photographic reconnaissance planes would have to continue to fly over Cuba, and if the Cubans or Soviets shot at these planes, then we would have to shoot back."

It was he who gave the order to fire against the low-level flights... We simply presented our viewpoint to the Russians, our opposition to low-level flights, and we ordered our batteries to fire on them.

We Can't Do Without Nonproliferation

WASHINGTON — Is a Pakistani nuclear arsenal "inevitable"? Is it "discriminatory" to require nuclear conditions on aid to Pakistan?

By John Glenn

The writer, a Democrat, is a U.S. senator from Ohio.

to procurement agents in the Middle East and Western Europe. In frustration, some argue that Pakistan's bomb is a fait accompli. Pakistan has indeed acquired the capability to make the bomb. But it does not yet possess a nuclear arsenal, which would require more bomb-grade uranium than has been produced thus far.

backed up by tough means of verification (with on-site inspections if necessary) — that Pakistan has stopped producing bomb-grade nuclear materials. Short of this, we should extend aid only on a year-by-year basis, and without military aid if reliable information indicates that Pakistan is continuing to violate its pledge not to produce such materials.

These terms would advance Pakistan's relations with America, as well as its other long-term interests. For example, compliance with past commitments would add credibility to its nuclear proposals to India, thereby forcing the Indians to give more serious assistance to Pakistani proposals for mutual adherence to the Nonproliferation Treaty, a test ban and a nuclear-free zone for South Asia.

But we must face up to the possibility that Pakistan might choose not to honor its commitments to us. If we then ceased military assistance to Pakistan, would that mean the abandonment of the Afghan resistance?

100, 75 AND 50 YEARS AGO

1887: For a Big Strike

PARIS — A revolutionary meeting was held at Belleville (on Nov. 6). The Salle Favier was packed with anarchists, communists, collectivists, and possibilists. Citizen Raymond said that there was no remedy except a general knock off. No work was his maxim. They ought to all strike and starve as they did in Belgium. They would soon have their eight hours, and that was a couple too many. The next speaker was the "patriote of the bakers."

1937: Haytian Massacre

WASHINGTON — Between 1,000 and 3,000 Haytian men, women and children along the vaguely defined frontier between Hayti and the Dominican Republic were slaughtered by Dominicans. News of the massacre, which occurred early in October, came through reports of the Baptist Home Mission. Economic conditions are said to be the cause of the massacre. Because of the overcrowded condition of Hayti, thousands of natives reportedly crossed over the border of the Dominican Republic and took jobs at extremely low wages.

1912: Wilson Landlide

NEW YORK — All that is left of political debate (on Nov. 5) is con-

A Message By Dubcek Hails the Kremlin... By Ben Price... My first contact with the New York Herald Tribune was in May 1944, when during an Army assignment in Manhattan I stopped in at the Trib offices to meet Dick West and City Editor L.L. Engelland. In those days I was a master sergeant, an accredited correspondent and the ranking editor of the London edition of The Stars and Stripes, and I was back in New York briefly to open an S&S bureau.

As World War II neared its end, plans to return the Paris Herald were drawn up by executives at the parent paper in New York. The author of this column describes his role in that endeavor. He later, in May 1945, joined the Trib as a rewrite man, became graphic arts editor in the early 1950s and stayed in that position until the paper suspended publication in 1966. He went on to CBS News and then to Aviation Week. Price lives in semi-retirement with his own advertising and public relations agency in Vermont.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

Handwritten Arabic text: كذا من الصحف

Asly Little

his own self-interest. For he declines to trace to their... that helped bring down... identified the lack of democracy...

uture Is Hazy

stock market crash and... Western comparisons with... But this time there has been...

rs Into War

missiles and his surface-to-air... with heavy Soviet... the likelihood of further escalation...

ND 50 YEARS AGO

1937: Hawaiian Mass... WASHINGTON — Honolulu... and 100 Hawaiian... children along the coast...

A Message By Dubcek Hails the Kremlin

By Gary Lee Washington Post Service MOSCOW — Alexander Dubcek, the Czechoslovak leader who spearheaded the "Prague Spring" that was crushed by a Soviet-led invasion in 1968, has sent a message of congratulations to the Kremlin leadership on the occasion of the 70th anniversary of the Bolshevik Revolution, a Soviet official said Thursday.



IN BERLIN, SOVIETS MARK REVOLUTION — Soviet soldiers marching Friday in West Berlin past a T-34 tank that reached the city in 1945. The soldiers laid a wreath at the Soviet World War II monument, marking the Bolshevik Revolution's 70th anniversary.

The news of Mr. Dubcek's letter, announced at a news conference by a Central Committee official, Georgi Shakhnazarov, came a day after a leading Soviet historian suggested that a new assessment of the Prague Spring and its suppression by Warsaw Pact troops might now be in order.

Mr. Dubcek, 65, also said in his message this week that he welcomed Moscow's efforts at change, according to Czechoslovak émigrés in the West.

2 Bonn Aides Disagree on Arms Cuts

BONN — Cuts in short-range or battlefield, nuclear weapons in Europe should not be linked to reductions in conventional forces, Foreign Minister Hans-Dietrich Genscher of West Germany said Friday.

Panels Fault Reagan on Contra Affair

By David E. Rosenbaum New York Times Service WASHINGTON — The congressional committees on the Iran-contra affair have approved a final report concluding that President Ronald Reagan was responsible for allowing the normal processes of government to be disregarded, committee members said.

Warsaw Questioning 8 Over Appeal for Boycott

By John Tagliabue New York Times Service GDANSK, Poland — The Polish authorities, apparently concerned over a national referendum, have ordered eight people who signed the appeal, including Lech Walesa, to report for police questioning.

The government condemned the Solidarity statement, saying it opposed Poland's interests. Solidarity leaders in Gdansk, where the appeal was signed Oct. 25, said the purpose of a union reorganization, announced at the same time, was to help the union come out into the open.

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Article titled 'THE STARS AND STRIPES' by Ben Price. A centennial message from the International Herald Tribune. The article describes how the newspaper was founded in Paris during World War II and its subsequent move to New York. It mentions key figures like Howard Davis and Robert Moore.

Advertisement for Unicef's 'Credit Cards'. The headline reads 'Of all the Credit Cards, UNICEF Offers the Only Card that Gives all the Credit to Children.' The ad features an image of a credit card and explains that the card is a donation to support children's health and education. It includes the Unicef logo and the text 'Children Count on Us. Can We Count on You?'.



Salvador Rebels Reject Declaration by Duarte Of Unilateral Cease-Fire

United Press International
SAN SALVADOR—Leftist rebels said Friday they would not respect a unilateral cease-fire declared by the U.S.-backed government...



A soldier on patrol in northern El Salvador hours after the Duarte government declared a cease-fire in the civil war.

Iceberg Breaks Off From Antarctica Shoreline Is Altered by Loss of 100-Mile-Long Mass

By Lee Dyc
Los Angeles Times Service
LOS ANGELES—An iceberg nearly 100 miles long has broken loose from Antarctica, dramatically altering the frozen shoreline where Rear Admiral Richard E. Byrd established his Little America base camp nearly six decades ago...

South Africa Executes 3, Ignores Plea From the UN

Compiled by Our Staff From Dispatches
PRETORIA—Three blacks, including an anti-apartheid activist, were hanged Friday in a Pretoria jail despite a United Nations Security Council plea for clemency for one of them.

LEBANON: COURT: Ginsburg Acknowledges Marijuana Use but Reagan Stands by Him

(Continued from Page 1)
that he smoked marijuana once as a college student in the 1960s and on a few occasions in the 1970s.

ACCORD: Indirect Talks Proposed

(Continued from Page 1)
decree, which has been in effect for six years, many political and civil rights are restricted.

REBELS: U.S. Is Assailed

(Continued from Page 1)
dence that Americans were directly involved in the Philippine government's drive against the insurgency.

BASES: Spain Vows to Act

(Continued from Page 1)
snuck to their original demand on the F-16s throughout the talks and would continue to do so.

PRESS: The Good News

(Continued from Page 1)
being off drugs. Suddenly you quit and at first it's difficult and then you say, "Wow, this is great."

19 Killed in Guatemala

Thirteen Guatemalan government soldiers and six leftist guerrillas were killed early Friday in a clash in the western province of Quiché, Agence France-Press reported from Guatemala City, quoting official sources.

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FRANKFURT - SANDRA ESCORT Service
ZURICH - DIPOFF - ROSEN - ESCORT Service
COLOGNE - ABEA, Top Escort Service
LONDON & HEATHROW ESCORT Service
LONDON NEW SAFARI Escort Service
MUNICH - ESCORT ESCORT & Guide Service
FRANKFURT - CHRISTINA'S Escort Service

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Advertisement for 'A CENTURY OF NEWS' and 'THE FIRST HUNDRED YEARS' books, featuring images of the books and text describing their content.

Advertisement for 'INTERNATIONAL CLASSIFIED' featuring a list of cities and contact information for various agencies.

Advertisement for 'INTERNATIONAL HERALD TRIBUNE' featuring contact information for the book division and details about the centennial books.

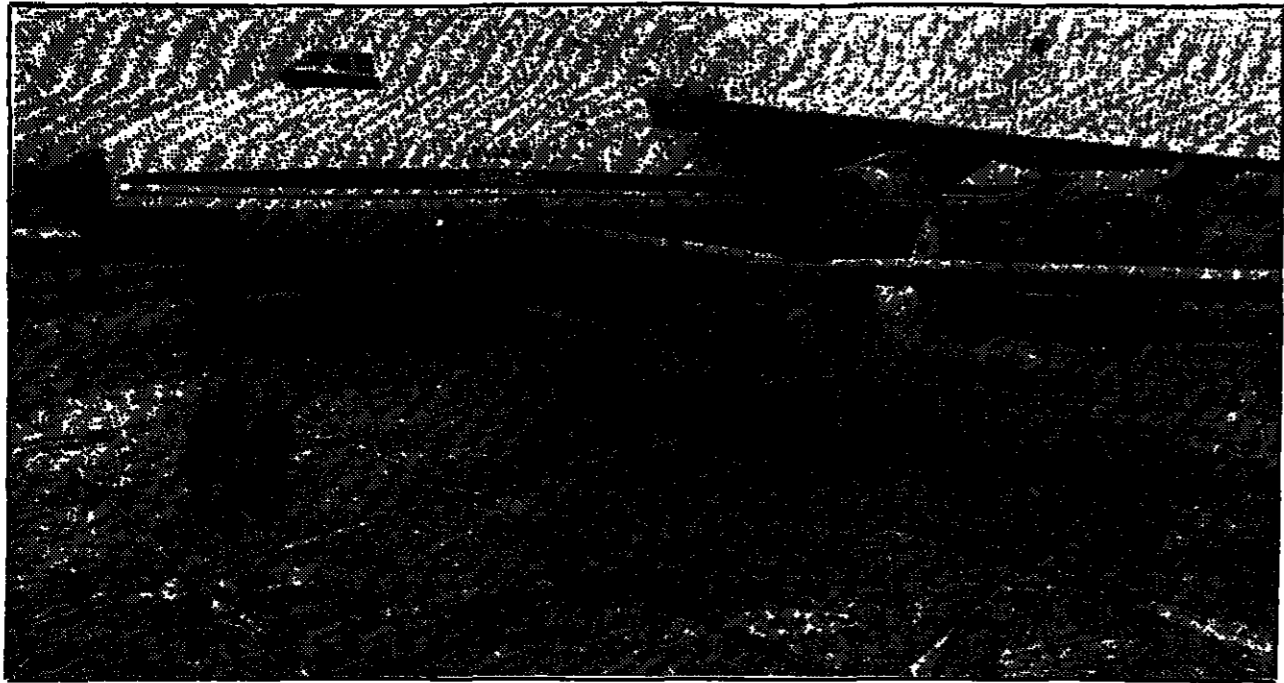
Vertical sidebar containing various advertisements including 'Schiller International University', 'ES DEGREES', and 'DIRECTORY'.







# CMEA and EEC: Chances for Forging Formal Relations and Prospects for Cooperation



The Antonov-124 can carry large-size loads weighing of 150-180 tons.

THE time has passed since the Council for Mutual Economic Assistance offered in 1973 to the European Economic Community to establish mutual contacts has shown that it is not at all easy to reach a practical accord between the two organizations for forging formal relations. Clearly, serious attention should be given in this respect to an analysis of the reasons and problems that caused the first stage of generally useful efforts to establish relations between the CMEA and the EEC to be followed by a long period of uncertainty which saw only sporadic contacts between the organizations.

Without trying to name all the reasons I should like to point out only the following:

Obviously, this question cannot be discussed in isolation from the current political and economic situation in Europe and the world. In this respect, the international tensions, what we feel is discrimination of industrialized capitalist countries against the CMEA na-

tions sharply aggravated in recent years, the embargoes, "sanctions" and other actions to curtail trade and economic relations with the CMEA members could not but affect conditions, normal progress and eventually trust itself between the partners, which is very important if the negotiations on relations between the CMEA and the EEC are to be continued to a happy end. On the contrary, this situation presents a number of additional difficulties. Trust is unlikely to be helped by speculations that these contacts benefit only the CMEA, that the latter allegedly tries to "drive a wedge" between the EEC and USA, etc.

In these circumstances the main prerequisites requiring the relations between the two organizations to be normalized are either forgotten or relegated to the background.

### Mutual Trust

In the last two years, after a long period of uncertainty, CMEA-EEC relations have moved again onto a practical plane. The process was furthered

by a number of factors, the most important, in our opinion, are as follows. First, under the conditions of interdependence in economic development growing worldwide there is a particularly strong objective need in Europe to further deepen the international labor division all over the continent. Second, the world on the whole and Europe in particular are interested more than ever in establishing trust among nations with different social systems. Third, bold and constructive political initiatives of the Soviet Union and other socialist countries brought about in Europe a clear tendency toward better mutual trust on the part of the countries which are members of the CMEA and the EEC.

The desire to establish formal relations with the EEC logically follows from the policy of the CMEA countries toward equitable and mutually advantageous cooperation between states with different social and economic systems. The willingness to establish trade, economic, scientific and technical ties with those industrialized capitalist countries willing to do so was confirmed by the Summit Economic Conference of the CMEA member countries. The declaration "Maintenance of Peace and International Economic Cooperation" approved by the Moscow Conference emphasized that

positive international economic relations required mutually beneficial and equal cooperation between countries. Any methods of economic aggression, such as the use of or threat to use an embargo, boycott, or a trade, credit or technological blockade should be excluded from the practices of international communication. Economic relations between all states must adhere consistently to the principles of respect for national independence and sovereignty, non-interference in internal affairs, full equality, national interests, mutual benefits, and the most favored nation treatment.

### Formal Relations

We believe that a great help in achieving these goals will be the establishment of formal relations between the CMEA and EEC as soon as possible, considering the existing realities and the links already maintained between the CMEA countries and Western European capitalist countries.

The EEC countries are the leading trade partners of the CMEA members among the industrialized capitalist nations. They account for more than half the total trade turnover with this group of states. EEC members, in turn, engage in trade with CMEA countries, whose share in the EEC trade turnover is 9 or

10 percent. In 1985, the CMEA supplied 6 percent of the EEC's fuel, 12 percent of its timber, 8 percent of its cotton, 13 percent of its inorganic chemical products, 10 percent of its furniture, etc.

### Collaboration

The CMEA and EEC countries have had some experience of collaboration in science and technology, with good results. For example, the EEC countries make use of more than 500 licenses bought from the USSR and over 100 licenses from other members of the Council for Mutual Economic Assistance. For their part, the CMEA members actively employ modern technology and licenses of the EEC countries in developing their own industries, mainly chemical, automotive, light industry, food processing and others.

### Normalization

Proceeding from all this, the Council for Mutual Economic Assistance took steps in May 1985 to normalize relations between the two organizations. In particular, a letter was sent to the Commission of Economic Communities suggesting that talks be held between the two organizations to sign a general document on the establishment of formal relations between the CMEA and EEC. This initiative had a positive response from the European Economic Community, and after more letters to define more precisely the positions of the parties, the first meeting of CMEA and EEC experts was held in September 1986 to discuss the question of forging formal relations between the organizations. This and a second meeting held in March 1987 discussed in detail a draft declaration presented by the CMEA. The meeting failed to agree on the text of the declaration completely but we think that there is a close understanding by the parties of the nature of the document and it could be signed soon provided there is good will to do so.

### New Prospects

To corroborate the conclusion that there are good prospects for a successful completion of the CMEA-EEC talks I should like to cite the results of a number of international meetings devoted to relations between the two. The symposium "New Prospects for Relations of European Communities with CMEA Countries" took place

this March in Hamburg while April saw in Venice an international conference on cooperation in Europe between countries with market and planned economies.

### Peaceful Coexistence

An important result of these quite representative and interesting international conferences was, from our point of view, the spirit of mutual interest. Western Europe recognizes more and more that peaceful coexistence of states belonging to different social systems and economic cooperation between them should become one of the main principles of international relations and that universal security can be achieved only through negotiations and signing of well-balanced and well-verifiable agreements.

### Favorable Conditions

In its letter of April 17, 1986 the CMEA informed the EEC that along with establishing CMEA-EEC formal relations, in-

tervention and implementation of a unified program in this area.

The Comprehensive Program for the Scientific and Technological Progress of the CMEA Member Countries is being realized now in five priority areas, including computerization of the national economies, integrated automation, nuclear power engineering, new materials and processes for their production and treatment, and bio-engineering. All these areas open up broad possibilities for cooperation with countries that might be interested. We know that European countries are working on and solving similar problems within the EEC and under the Eureka program.

### Multilateral Contacts

Realization of European projects could be an important means of developing multilateral contacts between the two organizations. The Final Act of the Conference on Security and Cooperation in Europe registered general records on a joint program for environmental protection. The CMEA countries as well as the EEC have already made a great contribution to creating and implementing this program. The CMEA came out in favor of cooperation in environmental protection as early as the previous phase of the talks.

The Chernobyl accident, which was a calamity for the Soviet people, made particularly urgent the question of international cooperation in developing a safety system and accident prevention at nuclear power stations. The CMEA members are willing to participate in interna-

ment and implementation of a unified program in this area. The Comprehensive Program for the Scientific and Technological Progress of the CMEA Member Countries is being realized now in five priority areas, including computerization of the national economies, integrated automation, nuclear power engineering, new materials and processes for their production and treatment, and bio-engineering. All these areas open up broad possibilities for cooperation with countries that might be interested. We know that European countries are working on and solving similar problems within the EEC and under the Eureka program.

### The Future

Pooling the efforts and economic potentials here to solve jointly the problems would reduce considerably the costs for the partners and gain much in time. Besides scientific and technological cooperation, there remains mutually cooperation in such fields agreed upon earlier by the CMEA and EEC as standardization, long-range economic predictions and statistics. We are also willing to consider other areas of cooperation between our two organizations with the regard for specific features and



The T-800 heavy-duty tractor (800 hp) is built at the Chelyabinsk Industrial Works.

dividual CMEA countries were willing in principle to settle their relations with the Community on a bilateral basis. And the CMEA was of the opinion that the opportunity for forging bilateral relations with the EEC should be given simultaneously to all its members.

As for settling commercial matters by talks between the CMEA countries and the Community, the CMEA members have always been in favor of promoting mutually beneficial trade and economic ties on the basis of equality and non-discrimination. From this stand each CMEA country decides independently on the conclusion of appropriate agreements with the EEC.

That this approach was correct was confirmed once again during the bilateral talks some

national cooperation in this field. The high level of science and technology in the CMEA countries and in the industrialized capitalist states, including the EEC members, makes it possible to solve jointly fundamental problems and carry out specific scientific and engineering tasks with due account for specialization of the partners.

### Comprehensive Program

The Comprehensive Program for the Scientific and Technological Progress of the CMEA Member Countries till the year 2000 adopted by the 41st (extraordinary) CMEA Session expressed the conviction that international cooperation in science and technology should be global, and it reiterated the willingness of the CMEA countries to contribute to the devel-

practices of the CMEA and EEC.

Particularly noteworthy are such fields as power engineering, nuclear energy and transport, which were listed by Mr. Zeeler in his report to the European Parliament in January 1987.

Broad economic and scientific-technological collaboration between the two organizations and their member countries, once it gets going, will undoubtedly contribute to economic and technological rapprochement between East and West.

On the whole, to generalize the above, it should be emphasized that the world today needs more than ever to promote cooperation between states with different social systems.

—Vyacheslav Syrov,  
CMEA Secretary.

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هكزنم النحل

Prospects for the Soviet Union

WE consider scientific and technological cooperation as part of the foreign economic activity of the state, which is an objective necessity, brought about as a result of the division of labor and scientific and technical progress. The possibility of broad development of business cooperation with all countries expresses the legitimate policy of peaceful coexistence directed at raising the welfare of all the peoples, normalization of political climate, strengthening peace and security of all the states and peoples.

Speaking at the April 1987 Plenary Meeting of the CPSU Central Committee, Mikhail Gorbachev said the following about relations with capitalist countries:

"The Soviet Union advances fruitful and all-round economic and scientific and technological cooperation based on the principles of mutual benefit and excluding any discrimination. The Soviet Union is ready to further broaden and deepen relations to develop new kinds of economic relations based on mutual interests in joint mastering scientific, technical and technological novelties, designing and building enterprises, and in the development of reserves of raw materials."

"During the question in this way, we have to closely look into the state of our foreign economic relations and examine them more thoroughly, with due regard for the prospects in spite of international tensions, there exist favorable opportunities here. Approaches to mutually beneficial economic relations and foreign trade should be broad, large-scale and concentrated on the future."

This constitutes the gist of our foreign economic (including scientific and technical relations with capitalist countries.)

**High Achievements**

The scientific and technical and economic potential of our country has reached such a level that, in our view, at present there exists no problem that cannot be solved independently by Soviet science and technology. At the same time, the Soviet Union does not decline the advantages of international division of labor, forging mutually beneficial scientific, technical, industrial, trade and economic cooperation.

High achievements of Soviet science and technology, great scientific discoveries both in fundamental and applied fields, and radically new solutions to a number of topical scientific problems cause great interest in scientific and business circles of the capitalist world. People there are well aware of outstanding achievements of our country in the field of peaceful use of atomic power, space, medicine and public health, and metallurgy, which are successfully employed in the West. Many capitalist countries adopt Soviet experience in laying pipelines, application of prefabricated reinforced concrete, electric welding, power transmission over long distances, prospecting for and refining and processing of oil, gas and shale, and operation of hydro and atomic power plants.

**Great Opportunities**

Great opportunities for scientific exchange are offered within the framework of cooperation of the USSR Academy of Sciences with respective organizations of Western countries as well as in the field of relations between universities and other higher institutions and scientific centers of Western Europe and America. This cooperation is directed at the realization of joint investigations and exchange of scientific information on a number of topical problems of fundamental and applied science.

Cooperation of the USSR Academy of Sciences and Soviet higher educational institutions with capitalist countries includes such subjects as solid-state physics, low-temperature physics, astrophysics, thermo-nuclear fusion, computer engi-

Prospects for Scientific and Technical Cooperation of the Soviet Union with Capitalist Countries

We consider scientific and technical cooperation as part of the foreign economic activity of the state, which is an objective necessity, brought about as present by the demands of international division of labor and scientific and technological revolution.

Joint Research. Great joint research is being realized in the fields of biology, medicine and public health together with France, the USA, Finland, the FRG, Great Britain, Italy, Austria and Belgium. At the same time it should be pointed out that on the side of the US administration and Japanese ruling circles there is a tendency to restrain contacts and scientific exchanges with Soviet scientists in a number of scientific fields and problems.

The Framework. This cooperation is effected within the framework of joint research and pilot-design work, scientific and technical cooperation, sale and purchase of licenses and know-how, affording various scientific and technical services, tests of machines, instruments and materials and holding of scientific and technical seminars and symposia with the participation of Soviet and foreign specialists, representatives of organizations, companies and firms.

High Achievements. The scientific and technical and economic potential of our country has reached such a level that, in our view, at present there exists no problem that could not have been solved independently by Soviet science and technology. At the same time, the Soviet Union does not decline the advantages of international division of labor, favoring mutually beneficial scientific, technical, industrial, trade and economic cooperation.

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Recent Developments. During the 80s we have been observing a certain development of industrial and scientific and technical cooperation of Soviet organizations with firms and corporations of capitalist countries, the cooperation providing for the development and joint production of new types of equipment and materials on a contractual basis, and in a number of cases, their concerted marketing. As examples of such cooperation one may cite cooperation with French and West German firms in the field of machine tool building and computer engineering, with Italian firms in the field of development of new technologies for chemical industry and chemical ma-

chine-building, with Finnish firms in shipbuilding, computer engineering, nuclear power and electrical engineering, with Austrian firms in the manufacture of welding equipment, etc. Quite often the basis for such cooperation is the joining of scientific and technological achievement obtained in fundamental research in the USSR with the advanced experimental and production basis of our foreign partners, particularly so in Western Europe.

License Cooperation. License cooperation of the USSR with capitalist countries continues. A number of great achievements of Soviet science and technology are widely employed in commercial production in the West.

Reliability. The striving of corporations and firms of the capitalist world for developing and deepening trade, economic, scientific and technical relations with the USSR can also be explained by the fact that the USSR has a high reputation as a reliable partner. Our country has always accurately fulfilled its obligations under agreements and contracts. The planned nature of our economy makes it possible to develop these relations on a long-term basis. It is no accident that, despite what we regard as the discriminating measures taken by the US administration, 51 American firms (including such well-known corporations as General Electric, Monsanto, Du Pont de Nemours, Dresser Industries and some others) did not abandon the earlier concluded agreements on scientific and technical cooperation with the Soviet Union, but, on the contrary, prolonged the terms of those agreements till 1990 and beyond.

Prerequisites. What are the prerequisites for the prospect of successful development of scientific and technical cooperation of the USSR with industrially developed capitalist countries? First, it should be pointed out that such a prospect is brought about and supported by the accelerated development of the Soviet economy within the next 10-15 years. This circumstance objectively broadens the supply and demand for export and import of goods, technical ideas and services.

Secondly, there is a widely developed contractual-legal basis of economic, scientific and technical cooperation between the Soviet Union and countries of the capitalist world. This basis includes 67 intergovernmental agreements on scientific, technical and economic cooperation, 22 long-term programs signed at the governmental level on cooperation in the field of economy, industry, science and technology, and

more than 300 agreements on scientific and technical cooperation between the USSR ministries and government departments and organizations and firms of the capitalist world. No less important are the traditional relations established between the Soviet and capitalist partners. There is one more factor that will actively and positively affect the development of economic, scientific and technical exchange. This is the course of our party for restructuring the economic control mechanism, including foreign economic activity. In this connection, with reference to the questions of economic, scientific and technical cooperation with foreign countries, attention should be drawn to the question of raising independence and responsibility of amalgamations and enterprises of the Soviet Union.

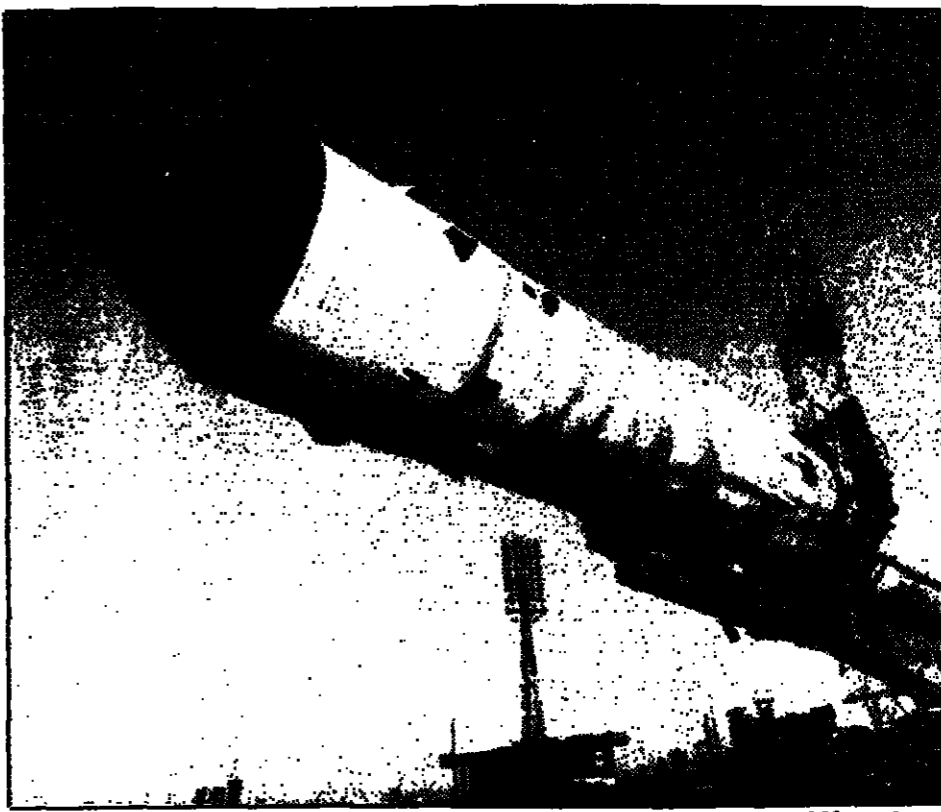
Mutual Benefit. The USSR's law on the state enterprise (amalgamation), Article 19, reads as follows: "The enterprise realizes economic relations with firms of capitalist and developing countries on the principles of mutual benefit and equal rights. The basic forms of development of such relations are production and scientific and technical cooperation on a long-term and equitable basis, as well as the setting up of joint enterprises and industries."

Touching upon international aspects of the question under consideration, it may be pointed out that the framework of international economic, scientific and technical cooperation may also be considerably broadened in the future, provided respective agreements between the Council for Mutual Economic Assistance and the European Economic Community are concluded.

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The Proton rocket, one of the most powerful to date, is capable of putting a payload of 20 tons into a low near-earth orbit.

Soviet Space Facilities for Export

INFORMATION transmitted by space vehicles is finding a multitude of ever more rewarding uses in the world economy, with the result that a commercial market of space facilities and services has grown up over the past few years.

A leading space power, the Soviet Union has accumulated rich experience in the development, production and utilization of space equipment for various economic needs.

The Meteor artificial earth satellites, for instance, have been regularly photographing the Earth's surface and cloud cover for over 15 years now. This research serves a number of practical purposes, including weather forecasting over vast territories. On one circuit a Meteor gathers information from an area constituting 20 percent of the Earth's surface.

Satellites of the Kosmos series investigate the ocean and relay information about sea and ice conditions and areas affected by storms and air temperature abnormalities.

The Salyut orbital stations (and more recently the Mir complex) are used for intense research in various fields of medicine, biology, materials science and biotechnology.

The Splay and Zena industrial units, mounted on board automatic and manned space vehicles, are used to conduct unique experiments and to endow semi-conducting materials with properties unattainable on earth. The Kashtan unit produces extremely active biological preparations in conditions of zero gravity.

At present the USSR is offering foreign countries and international bodies a number of services in the field of space technology, including the launching of foreign artificial earth satellites by Soviet carrier rockets; the leasing of the Gorizont Soviet communications satellites in user-specified points of the stationary orbit; the survey of individual countries' territories from space and the sale of information obtained by remote sounding; the production or purification of materials in space using Soviet equipment and the accommodation of foreign equipment on board Soviet space vehicles for this purpose.

A few words about the Soviet carrier rockets offered for commercial launchings. First of all it must be said that they have a reputation for efficient performance. The Soyuz three-stage carrier rocket, for instance, launches manned and transport spacecrafts into orbit; it does well on its own or as part of the Salyut and Mir orbital complexes. The Vostok two-stage carrier rocket, fitted with a retrievable instrument container, has a 15-year record of successful use in atmospheric and solar radiation research. The Proton, one of the most powerful rockets to date, can take a payload of 20 tons to low round-the-earth orbits, and about two tons to stationary orbits. From time to time Proton rockets have launched the Salyut and Mir orbital stations, the Luna, Venera, Mars and Vega interplanetary probes and the Raduga, Gorizont and Ekran communications and television satellites. Services using Soviet space technology are available from V/O Licensintorg, 11 Minskaya St., 121108 Moscow. Tel: 411415. Negotiations on technical matters are arranged by Glavkosmos USSR, 9 Krasnoproletarskaya Ul., 103050 Moscow. Tel: 411879. —Dmitry Poltavov, Department Head, National Space Administration of the USSR (Glavkosmos)

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ment and implementation of a unified program in this area. The Comprehensive Program for the Scientific and Technological Progress of the CMEA Member Countries is being realized now in five priority areas, including computerization of the national economies, increased automation, increased power engineering, nuclear energy, and processes for their production and treatment, and bioengineering. All these areas open up broad possibilities for cooperation with countries that might be interested. We know that European countries are working on and solving similar problems within the EEC and under the Euratom program.



Practices of the CMEA and EEC. Particularly noteworthy in such fields as power engineering, nuclear energy and transport, which were held in Zelenokuznetsk in the European Parliament in June 1987. Broad economic and scientific and technical collaboration between the two organizations and their member countries is going on, will undoubtedly contribute to economic and technological cooperation between East and West. On the whole, it should be pointed out that the world can gain more than ever from increased cooperation between scientific and technical circles of different social systems.

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### Soviet Ministry Says: The Ball Is Now in the Court of Our Partners

**T**HE Soviet Ministry of Finance has registered the first few joint ventures launched by some Soviet organizations and their partners from Western and Third World countries. Ten more projects are about to get off the ground. But who pioneered this new development of the Soviet market?

The first to participate were companies from Finland, West Germany, India, Italy and Japan. Their scope of business was vast, ranging from engineering to production of single items.

West Germany's Heinenmann Maschinen und Anlagenbau and the Ordzhonikidze Engineering Plant are launching in Moscow a project to turn out machining centers and flexible manufacturing modules and systems. Some facilities already available will start producing equipment this year. More shops will be put into operation later.

As long as the project is not completed, Mineraloil Rohstoffe Handel, another West German firm, will remain party to the biggest yet joint venture in this country. Working with its Soviet partner company, Nizhnelamskoeftskhim, it will launch a facility to produce 60,000 metric tons of ethylene glycol a year at Nizhnelamsk, the Tatar Autonomous Soviet Socialist Republic.

Sadolin, a Finnish chemical company, and Eskolhoosstroy, a construction firm run by an association of Estonian collective farms, will build a factory in Tallinn to manufacture colors, impregnating compounds and hermetic sealing materials for Estonia's agricultural needs.

Most of the 90,000 cubic meters of timber materials to be manufactured in the Izkutsk Region, Eastern Siberia, by Igirma-Taitilau, a Soviet-Japanese company, will be used for the needs of the construction industry. The project has been launched by Taitilau Trading, of Japan, and Izkutsksprom, a Soviet timber-producing company.

Fata, an Italian company, and Volzhskprodrazh, a Soviet firm in the town of Volzhskiy on the Volga, are arranging a joint venture to manufacture refrigerators for sales outlets.

Light Industry

Nor has light industry been neglected. The Klementi Clothing Factory in Tallinn, Soviet Estonia, and Kati-Mymi, of Finland, will jointly run a facility to make women's outer-wear.

The Finnish air company, Finnair, and Soviet Intourist are joining forces to reconstruct and run the Berlin Hotel in the heart of Moscow. Both were among the pioneers to develop an interest toward this promising form of cooperation.

India, too, has been involved in entrepreneurial activities in Soviet territory. The first to come was the India Tourism Development Corporation, now sharing a joint business that runs a restaurant featuring Indian cuisine in Moscow.

More projects are about to be started, one by Salamander of West Germany and the Leningrad-based Skozhokold footwear factory, another by several Soviet and Japanese participants to produce the "surimi" compound from seafoods, a third by Singer of the United States (sewing machines), etc.

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Some countries and corporations say their interests in joint venture deals would be better ensured if the Soviet Union and other states involved signed official agreements to guarantee foreign investment and tax rebates. The Soviet Union is prepared to study these proposals on a reciprocal basis.

But the chief problem so far is that all feasibility reports on possible joint ventures remain inadequate and incomplete. Some offer very rough estimates, prompting doubts about profitability of the proposed projects. But if a project may prove unprofitable, there is certainly no point in building it. It all depends now on our partners, their competence and their knowledge of the business and the market.

— *Ismail Isomov, Deputy Head of the State Foreign Economic Commission under the USSR Council of Ministers.*

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Altogether, 42 projects are being negotiated on which the parties have signed preliminary "declarations of intent," of these, 11 will be accomplished in cooperation with Finland, seven with West Germany, five each with Italy and Japan, four each with the United States and France, two with Austria, and one each with Britain, Holland, Switzerland and Canada.

The first few deals between Soviet and foreign partners have proved that the law on investment adopted recently in the Soviet Union is flexible enough to allow all kinds of joint venture accords. As a party to such accords, the Soviet side may be represented by state-owned and cooperative organizations in midland Russia, the Baltic republics, the Volga area, the Urals and Siberia. Joint ventures whose foreign partners are Mineraloil Rohstoffe Handel, Taitilau Trading and Kati-Mymi already have exercised their right

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## Banking Backs Joint Ventures

**T**HE Soviet banks are working to improve lending and settlement with a view to establishing optimum conditions for joint operations.

Of course, joint ventures will draw on their authorized funds and reserves to meet the requirements for current capital to carry out operations both with Soviet agents and their foreign counterparts. Should that not suffice, they may borrow from banks, either in rubles or in foreign currency, using operating profits to repay the loans, as practiced throughout the world.

Loans in rubles are extended to enable producers to buy materials and primary commodities, auxiliary parts and services and for other purposes, and are guaranteed by commodity and material reserves, production facilities under construction, manufactured products, documents of title and mortgages on joint venture assets. Credits can also be backed by guarantees from the joint venture founders or banks.

Loans in rubles may be given for the purpose of building new projects and buying Soviet technology essential for the upgrading and expansion of production, and are repaid from profits.

Joint enterprises may borrow from the USSR External Economy Bank or, with its authorization, from banks and firms in other countries in foreign currency, and from the bank financing the joint venture in rubles.

These banks are empowered to see that the funds they provide are used for the purposes stated and that they are guaranteed and repaid on time.

The USSR External Economy Bank's order of priorities with regard to lending in hard currency is determined by the need to manage the debts of the country as a whole. Unrestricted growth of debts incurred by joint ventures might damage the reputation of the Soviet Union as a first-class borrower.

Besides, this order of priorities is designed to ensure borrowing in hard currency on favorable terms.

The cash assets of joint enterprises are automatically transferred to their accounts at Gosbank and the USSR External Economy Bank, and are used as necessary. The accrued interest rate is fixed by the External Economy Bank in foreign currency, while Gosbank lays down terms and procedures in the case of accrued interest in rubles, the rate of which is expected to reach 2 percent a year. While drawing interest on current accounts, producers must also be ready to pay the bank a commission for services.

Undoubtedly, in the case of joint operations involving foreign currency, exchange rate differentials will be entered in the profit-and-loss accounts. This arrangement will call for insurance against currency risks. For the common types of such insurance to be applied, work is in hand to introduce forward exchange rates of foreign currencies in relation to the ruble. These are expected to be in place before the year is out.

Joint enterprises are allowed to conduct import-export operations on their own, using receipts from trade to cover all currency expenditures. In short, commercial success depends on whether the imported products are of good quality and competitive. This brings creditor banks to consider a number of major issues of practical importance concerning the best ways of crediting the investment, production and commercial processes both in rubles and in foreign currency.

In this context, Gosbank and other Soviet organizations and government departments concerned are working to find optimal ways of crediting joint ventures, to identify sources of funding in rubles and foreign currency, and to establish the appropriate normative framework. Considering the questions being raised during negotiations with Soviet and foreign partners, they have worked out a detailed crediting and settlement procedure, with its basic provisions to be shortly brought to the notice of the bank's local branches, which, incidentally, are vested with extensive powers in regard to crediting. Interest on loans extended to joint ventures is not expected to be higher than on those given to similar Soviet entities, i.e. 4 percent to 6 per-

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Undoubtedly, in the case of joint operations involving foreign currency, exchange rate differentials will be entered in the profit-and-loss accounts. This arrangement will call for insurance against currency risks. For the common types of such insurance to be applied, work is in hand to introduce forward exchange rates of foreign currencies in relation to the ruble. These are expected to be in place before the year is out.

Joint enterprises are allowed to conduct import-export operations on their own, using receipts from trade to cover all currency expenditures. In short, commercial success depends on whether the imported products are of good quality and competitive. This brings creditor banks to consider a number of major issues of practical importance concerning the best ways of crediting the investment, production and commercial processes both in rubles and in foreign currency.

In this context, Gosbank and other Soviet organizations and government departments concerned are working to find optimal ways of crediting joint ventures, to identify sources of funding in rubles and foreign currency, and to establish the appropriate normative framework. Considering the questions being raised during negotiations with Soviet and foreign partners, they have worked out a detailed crediting and settlement procedure, with its basic provisions to be shortly brought to the notice of the bank's local branches, which, incidentally, are vested with extensive powers in regard to crediting. Interest on loans extended to joint ventures is not expected to be higher than on those given to similar Soviet entities, i.e. 4 percent to 6 per-

## IL-86 The Advanced Wide-Body Jet for Air Routes with Heavy Passengers Traffic

**The Efficiency**

The fine takeoff/landing characteristics, 950 km/h cruising speed, minimal service time between arrivals/departures — for time — and cost-saving performance in carrying 350 persons to distances over 3500 km.

**The All-Weather Operation**

Fully supported by advanced automated piloting and navigation systems.

**The Comfort**

The spacious and comfortable cabins offer to a passenger the maximum in travel convenience and first-class service, while the built-in airstairs and "take-your-luggage-along" routine implemented for the first time in a wide-body transport significantly cut down the time which the passengers — and the plane — spend on the ground.

**The Versatility**

With its takeoff weight of 206 tons, the IL-86 Jet applies relatively low load to the runways, so that it can be operated from airfields normally serving medium-size planes.

**Aviaexport USSR**

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## Products of the Soviet motor industry are exported to 65 countries. Above, a new model of the Togliatti Car Plant "Lada-Sumara."

Some countries and corporations say their interests in joint venture deals would be better ensured if the Soviet Union and other states involved signed official agreements to guarantee foreign investment and tax rebates. The Soviet Union is prepared to study these proposals on a reciprocal basis.

But the chief problem so far is that all feasibility reports on possible joint ventures remain inadequate and incomplete. Some offer very rough estimates, prompting doubts about profitability of the proposed projects. But if a project may prove unprofitable, there is certainly no point in building it. It all depends now on our partners, their competence and their knowledge of the business and the market.

— *Ismail Isomov, Deputy Head of the State Foreign Economic Commission under the USSR Council of Ministers.*

### Secret to Fed's Is Knowing Wh

By ROBERT D. HENRI

**WASHINGTON** — The Federal Reserve Bank is to head off a recession, the Fed says, by cutting back on the amount of money it pumps into the banking system.

The Fed's new chairman, Alan Greenspan, will provide the Fed's policy in the months ahead.

Mr. Greenspan's plan is to provide sufficient liquidity to avoid deflation and keep the economy growing. He is expected to raise the Fed's discount rate to 10 percent, the chief rate of the Federal Reserve Bank in Washington.

Mr. Greenspan is a monetarist, a student of the monetarist theory of the Fed's primary emphasis on controlling the amount of money in circulation.

It is widely agreed that Mr. Greenspan will have to raise the Fed's discount rate in the next few months. The Fed's last move in this area was to raise the rate from 7 to 9 percent in August.

Mr. Greenspan's plan is to raise the rate to 10 percent, but he has also been keeping it from falling too low by raising interest rates by tightening the money supply.

The turning point, of course, was the Fed's decision to raise the rate to 9 percent in August.

As the proceeds of Mr. Greenspan's plan in a presidential election, it makes it much easier to carry out a policy that is much more risky than the opposite risk.

Mr. Greenspan moves nearly pennies since the crash — the Fed's policy and open-handed — but he has to do during his first two months in August.

In early September, Mr. Greenspan is expected to raise the rate to 10 percent, to action was needed to nip potential inflation before long, however, Mr. Greenspan's plan before Congress and elsewhere to be seen.

Now can tell whether Mr. Greenspan has to turn off the money supply or not.

"To me pessimistic," said Deane W. Martin, Chairman of the Federal Reserve Bank's Board of Governors, "is the direction it's going."

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### Currency

Country	Per 100 U.S. Dollars	Per 100 U.S. Dollars	Per 100 U.S. Dollars
Belgium	360	360	360
France	65.49	65.49	65.49
Germany	2.46	2.46	2.46
Italy	2036	2036	2036
Japan	360	360	360
Netherlands	2.34	2.34	2.34
Spain	166.67	166.67	166.67
Sweden	8.48	8.48	8.48
Switzerland	2.00	2.00	2.00
U.K.	1.53	1.53	1.53

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### Interest

Country	Rate	Rate	Rate
Belgium	8.00	8.00	8.00
France	8.00	8.00	8.00
Germany	8.00	8.00	8.00
Italy	12.00	12.00	12.00
Japan	5.00	5.00	5.00
Netherlands	6.00	6.00	6.00
Spain	10.00	10.00	10.00
Sweden	8.00	8.00	8.00
Switzerland	7.00	7.00	7.00
U.K.	9.00	9.00	9.00

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### Key Money Rates

Country	Rate	Rate
Belgium	8.00	8.00
France	8.00	8.00
Germany	8.00	8.00
Italy	12.00	12.00
Japan	5.00	5.00
Netherlands	6.00	6.00
Spain	10.00	10.00
Sweden	8.00	8.00
Switzerland	7.00	7.00
U.K.	9.00	9.00

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### Forward Rates

Country	30-day	60-day	90-day
Belgium	8.00	8.00	8.00
France	8.00	8.00	8.00
Germany	8.00	8.00	8.00
Italy	12.00	12.00	12.00
Japan	5.00	5.00	5.00
Netherlands	6.00	6.00	6.00
Spain	10.00	10.00	10.00
Sweden	8.00	8.00	8.00
Switzerland	7.00	7.00	7.00
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Netherlands	6.00	6.00	6.00
Spain	10.00	10.00	10.00
Sweden	8.00	8.00	8.00
Switzerland	7.00	7.00	7.00
U.K.	9.00	9.00	9.00

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Statistics Index table listing various market indices like AMEX index, NYSE index, etc.

ECONOMIC SCENE

Secret to Fed's Pumping Is Knowing When to Stop

By ROBERT D. HERSHEY JR. WASHINGTON — The Federal Reserve, in its efforts to head off a recession, may have to keep pouring lavish amounts of money into the U.S. economy for several months, various economists and analysts maintain.

The Fed tends to err in the direction it's going, one analyst said.

Mr. Levy is a monetarist, a student of the school of economists that puts primary emphasis on changes in the money supply as a determinant of economic activity.

Currency Rates

Currency Rates table with columns for Cross Rates, Other Dollar Values, Forward Rates, and Interest Rates.

Depth and Effect of Bonn-Paris Cooperation Are Questioned

By Ferdinand Protzman International Herald Tribune FRANKFURT — French and West German financial officials began hailing their coordinated interest-rate shifts of Thursday as an important step forward in monetary cooperation even before the changes were announced.

Interest Rates

Interest Rates table with columns for Eurocurrency Deposits, Money Market Rates, and Asian Dollar Deposits.

U.S. Money Market Funds

U.S. Money Market Funds table listing various fund types like Money Market Funds, Bond Funds, etc.

Gold

Gold table listing prices for various gold-related assets like Gold, Silver, etc.

Kuwaitis Said to Buy in BP Group's Stake Is Put at 4.9%

By Warren Getler International Herald Tribune LONDON — A London-based Kuwaiti investment group appears to have acquired a minority stake this week in British Petroleum Co. through market purchases, BP officials said Friday.

Banking Deregulation Reconsidered

Market Plunge Raises Concerns Over Diversification By Robert A. Bennett New York Times Service NEW YORK — The stock market's turmoil in recent weeks is raising new questions about the pace of banking industry deregulation, especially the move into investment banking.

Bank of Japan Nudges Short-Term Rates Down

TOKYO — The Bank of Japan on Friday pushed down short-term open money market rates as part of efforts to adhere to the Louvre agreement on international policy coordination, a senior central bank official said.



Thomas C. Theobald of Continental Illinois argues for wider banking powers. Henry Kaufman of Salomon Brothers wants unwrapping, lending kept apart.

Banking Deregulation Reconsidered

Market Plunge Raises Concerns Over Diversification By Robert A. Bennett NEW YORK — The stock market's turmoil in recent weeks is raising new questions about the pace of banking industry deregulation, especially the move into investment banking.

Many bankers contend that traditional lending is actually riskier than acting as a middleman.

As subprime events have shown, that assumption could not have been further from the truth. After the tumble in stock prices, many of First Options' clients were unable to meet their payments, money that First Options needed to pay its obligations.

U.S. Jobless Rate Edges Up to 6%, First Rise in Year

WASHINGTON — The U.S. unemployment rate inched up to 6 percent in October — the first increase in 13 months — even though more than 500,000 jobs were created and manufacturing employment showed strong gains, the government said Friday.

Citicorp Shows Interest in FCA

WASHINGTON — Citicorp has expressed an interest in acquiring the troubled Financial Corp. of America, a spokesman for the Federal Home Loan Bank Board said Friday.

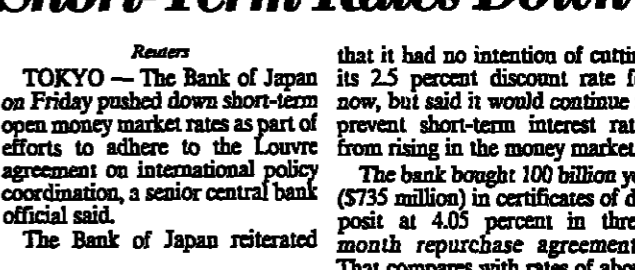
Bank of Japan Nudges Short-Term Rates Down

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For a Money Manager, the Early Bird Approach

By Anise C. Wallace New York Times Service NEW YORK — J. Richard Walton, a professional money manager who invests in U.S. stocks, is now beginning his business days with a 6 A.M. telephone call to London from his home in Irvington, N.Y.

Big Growth, and a Fall



Figures for 1987 are for quarters ending March, June and September; final figure is for Oct. 28.

For a Money Manager, the Early Bird Approach

For the most part, Mr. Walton feels the stock market crisis that began in mid-October is behind him. He is not so frantic as he was two weeks ago, when many of the smaller, over-the-counter stocks in his clients' accounts were sinking and the market makers were not even answering their telephone calls.

Big Growth, and a Fall

Back at the office after a working lunch, Mr. Walton was buoyed by a 40-point gain in the Dow. He spent the rest of the afternoon reading reports. Mr. Walton says he likes the shortened trading hours that the exchanges imposed. Institutional salesmen are leaving early, giving him more time to read.

For a Money Manager, the Early Bird Approach

Mr. Walton said that at least two developments, lower corporate earnings or higher interest rates, would cause him to pull out of stocks or reshape his portfolio with "bear market stocks."

Big Growth, and a Fall

With the crisis easing, Mr. Walton has also had time to look ahead. He sees, among other things, that the dollar should stabilize. It has tumbled nearly 30 percent against the yen since early 1985, and, he said, market corrections in any commodity often result in a 50 percent pullback.

For a Money Manager, the Early Bird Approach

Given that outlook, almost all of the firm's clients' assets are invested in stocks. The hope is that the stock market is settling into a trading range in which the Dow average will move between 1,700 and 2,200.

NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE prev. close, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Friday's NYSE Closing Via The Associated Press logo

AMEX Diary table with columns: Advance, Decline, etc.

NASDAQ Index table with columns: Composite, Industrials, etc.

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bond, Utilities, Industrials

NYSE Diary table with columns: Class, Prev.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, etc.

Dow Jones Averages table with columns: One, Two, Three, etc.

Standard & Poor's Index table with columns: Industrials, Finance, etc.

NASDAQ Diary table with columns: Class, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Falls 26 in a Late Decline

NEW YORK — Prices on the New York Stock Exchange closed lower Friday after spending most of the trading session ahead. But some analysts said that the relatively strong showing Thursday and earlier Friday signaled a return to stability. The Dow Jones industrial average fell 26.36 points to close at 1,959.05 at 3 P.M. Shortened trading hours were instituted on Oct. 23. The average rose 40.12 points on Thursday. The Dow, which had been up more than 11 points as late as 2 P.M. Friday, fell in the last hour of trading. The blue-chip index encountered a psychological resistance point at the 2,000 level, which it surpassed several times before retreating repeatedly. For the week, the Dow lost 34.48 points. A broader market indicator, the New York Stock Exchange index, sank 1.77 to 140.04. The price of an average share fell 40 cents. Declines barely led advances, by a 7-6 ratio. Volume was 228.3 million shares, up from 226 million Thursday. Traders said that the Dow lost ground in the last hour as investors closed out market positions before the weekend. Minor computer-driven program selling also knocked the market lower in the final minutes. The NYSE lifted restrictions late Friday on member firms' use of its computers for program trading after nearly two weeks. "The market's had a pretty good move and this is a normal sell-off before the weekend," one trader said. "We've got some sell programs down there. It's just the end of the week." He

Trading Is Lengthened

NEW YORK — Major U.S. stock exchanges said Friday they would close a half-hour early at the start of next week, adding 30 minutes to the length of the past week's sessions. The New York Stock Exchange said it was lifting requests that members curtail program trading. The New York and American stock exchanges said they would be open from 9:30 A.M. to 3:30 P.M. Monday through Wednesday. The exchanges were closed at 3 P.M. on Thursday and Friday. The exchanges reduced their hours beginning Oct. 23, saying they wanted to help the financial community deal with increased volume following the stock market's plunge on Oct. 19. The New York and American exchanges will determine their hours for Thursday and beyond sometime next week. remarked that a weak bond market had not helped stock prices. But analysts said that the market's relatively strong showing at the end of the week despite a weak dollar signaled at least a temporary end to the bear market that began in late summer after five years of steady gains. "We're seeing the beginning of a bear-market rally, and it wouldn't surprise me if this counter-trend rally stretches right into 1988," said Joseph Barthel, director of technical strategy at Butcher & Singer Inc. of Philadelphia.

Main stock market data section containing multiple columns of stock prices, including NYSE, AMEX, and NASDAQ listings.

Friday's NYSE Closing logo and associated text.

Table of stock prices, likely a continuation of the NYSE Most Actives or similar data.

Table of stock prices, likely a continuation of the Market Sales or similar data.

Table of stock prices, likely a continuation of the NYSE Index or similar data.

Table of stock prices, likely a continuation of the AMEX Diary or similar data.

Table of stock prices, likely a continuation of the NASDAQ Index or similar data.

Table of stock prices, likely a continuation of the AMEX Most Actives or similar data.

Table of stock prices, likely a continuation of the Dow Jones Bond Averages or similar data.

Large vertical advertisement on the right side of the page, featuring the NYSE logo and text.



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AMEX Most Active - Table listing top active securities on the American Stock Exchange with columns for stock name, volume, and price.

Fridays NYSE Closing - Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere.

AMEX Stock Index - Table showing market indices for AMEX, Dow Jones, and S&P 500 with high, low, and closing values.

32 Stock Div. Yld. PE - Table listing 32 top stock dividers with columns for stock name, yield, and price-to-earnings ratio.

12 Month Div. Yld. PE - Table listing 12-month dividend yield and P/E ratios for various stocks.

Company Results - Table detailing quarterly and annual financial performance for various companies, including revenue and profit.

32 Month Div. Yld. PE - Another table listing 32-month dividend yield and P/E ratios.

50 Div. Yld. PE - Table listing 50 dividend yield and P/E ratios.

NYSE Highs-Lows - Table listing high and low prices for various NYSE securities.

AMEX Highs-Lows - Table listing high and low prices for various AMEX securities.

Shares Mixed in Europe, Asia - Prices Decline In London, Frankfurt

LONDON - Share prices in London and Frankfurt fell Friday, and were mixed in Paris, amid investor concern that the weak dollar would give U.S. exports a competitive edge over European products.



NECKTIE PARTY - A London trader considering another use for his tie as share prices continued to drop.

Hong Kong, Tokyo Rise, Sydney Falls

TOKYO - Prices on the Tokyo and Hong Kong stock exchanges rebounded sharply Friday in heavy trading, supported by Thursday's recovery on Wall Street.

In both Tokyo and Hong Kong, the stronger New York market outweighed the weaker dollar, which makes U.S. goods more competitive internationally and in Asian home markets.

Also helping the Tokyo Stock Exchange was Thursday's announcement of lower interest rates in West Germany, analysts said, a move that in the long run could lend some support to the U.S. currency by making dollar assets more attractive.

In London, the Financial Times Stock Exchange index of 100 leading shares rallied in late trading but still lost 18 points to 1,620.80.

Prices were undercut by news that Representative Thomas S. Foley, the majority leader of the House of Representatives, did not expect an agreement on cuts in the U.S. budget of more than \$23 billion for this financial year, dealers said.

Wall Street had also taken Mr. Foley's remarks badly, turning a 12-point gain in the Dow Jones industrial average into a similar fall before rebounding.

Of the second proposal, one dealer said: "At last we are hearing the sort of numbers we've been looking for. This will improve the tone a lot."

Mr. Harwood said, "We are looking for a cut of \$60 billion over two years, but that is the absolute minimum. There is a growing feeling here that U.S. politicians do not care about the international situation."

But toward the close, the FT-SE jumped 10 points in 15 minutes, after Republican representatives offered a plan to cut the U.S. budget deficit by \$75.5 billion over two years.

Ian Harwood, an analyst at Warburg Securities, said that \$23 billion in one-year reductions "will not be enough, and could pave the way for a dollar free-fall."

Wall Street had also taken Mr. Foley's remarks badly, turning a 12-point gain in the Dow Jones industrial average into a similar fall before rebounding.

Of the second proposal, one dealer said: "At last we are hearing the sort of numbers we've been looking for. This will improve the tone a lot."

Mr. Harwood said, "We are looking for a cut of \$60 billion over two years, but that is the absolute minimum. There is a growing feeling here that U.S. politicians do not care about the international situation."

Frankfurt: Share prices ended a nervous session lower and near the worst levels of the day, with professional operators and foreigners unloading stock during the second half of the trading day due to a weak dollar, dealers said.

The Commerzbank index, calculated at midday, rose 10.40 points to 1,407.00. However, the Boerse-zeitung 30-share index, calculated four times during the trading day, closed 7 points down at a yearly low of 28.98.

Dealers said that large investors, who had bought shares before Thursday's Bundesbank council meeting on hopes of a discount rate cut, pared back these positions on Friday.

The specialist firms took enormous losses on Oct. 19.

"The market is off another 500 and we do crack pieces here and there," Mr. Gould said, "how are we going to put the pieces back together?"

"You would look to getting capital out of the rest of the Wall Street structure, provided that those firms are in good shape." He did not say how such a plan might work.

Mr. Gould ruled out a government contribution to a rescue. It would be contrary to the free-market policies of the Reagan administration, he said, and obtaining authorization from Congress might take too long to help the specialists in the middle of a crash.

Specialist firms' capital is relatively small, around \$2 billion by some estimates.

John Lyden, a managing partner of one of the specialist firms, Nick Lyden & Co., said that the dealer system was "very close to the limits of what it could stand," during the stock collapse.

"There's no question that by the 20th it had exhausted most of its resources," he said.

Mr. Gould, a partner in the Lazard Freres investment firm which would be a possible contributor to any rescue plan, questioned whether it was "enough firepower."

He said it might be wiser to expand specialist capital now. "Let's not wait for the avalanche," he said.

He said that investment banks had second thoughts after the British government's decision to proceed with the public sale of British Petroleum Co. stock, which could cost Wood Gundy, one of the underwriters, as much as \$45 million before taxes.

The underwriters had promised to pay the British government a certain amount per share before the stock market — and the value of BP shares — plunged.

While First Chicago's hesitation may not indicate a retreat from its investment banking strategy, Wood Gundy's problems underscore the riskiness of the securities business.

First Chicago has not lost any money because it did not complete the transaction. And Continental, despite its expected losses of \$90 million, can withstand the hit. It has more than \$2 billion in capital and reserves — money left from the \$4.5 billion poured into the bank by the government, which still owns 60 percent of it.

Indeed, First Options continues to be the kind of business Continental should be in, and ultimately it is safer than traditional commercial banking, said Thomas C. Theobald, Continental's new chairman and a former vice chairman of Citicorp, in an interview last week.

First Options' loss, he said, stemmed from the extraordinary plunge of the stock market, which he called the "worst crash of the 20th century."

Like Mr. Theobald, many leading bankers contend that their traditional lending is actually riskier than merely acting as a middleman — the role of investment banks.

Rescue Fund Debated for Specialists In Stock Crisis, Big Firms Would Be Asked to Contribute

By Peter T. Kilborn - NEW YORK TIMES SERVICE - WASHINGTON - The Reagan administration is devising a plan to rescue a critical group of stock exchange firms, known as specialists, in the event of market plunges like the one on Oct. 19, according to a senior Treasury official.

George D. Gould, undersecretary of the Treasury for finance, said the administration would appeal to the self-interest of Wall Street firms and of large corporations whose securities are traded in the stock market.

They would be asked if they would be ready to contribute to a pot of \$2 billion to \$3 billion for emergency financing to keep specialist firms afloat.

Specialist firms are vital to the stock market. They pull together the orders of buyers and sellers. They also buy and sell to keep the market orderly, and in doing this they can realize great losses as well as great profits.

Program Trading on Rise

NEW YORK - After dropping off sharply because of New York Stock Exchange restrictions, program trading is on the rise again.

The exchange said Tuesday that member firms could once again execute program trades for their own house accounts, whereas previously they had been able to handle such accounts only for customers.

Program trading includes buy and sell strategies that are triggered by mathematical formulas rather than fundamental investment criteria. One type is stock index arbitrage based on Standard & Poor 500 futures contracts. The number of S&P 500 futures traded rose on Wednesday to 2,136, from 1,435 the previous Wednesday.

In trading "by hand," instead of pushing a computer button to execute trades worth millions of dollars, program traders must write out buy or sell tickets and send them to the floor of the exchange to be executed.

Because trading all 500 stocks in the S&P index by hand would be too cumbersome, some arbitrageurs have been using a basket of as few as 50 stocks to try to replicate the performance of the S&P 500, according to traders familiar with the techniques.

BANKING: Market Collapse Raises Concern About Diversification Moves

Loans can be more risky than trading," said Charles S. Sanford, chairman of Bankers Trust Co. The bank would be more stable if the individual players were bigger, he said.

"What you really need to keep the markets stable is well-capitalized financial service companies," he said. "The fact that some investment banking firms are owned by well-capitalized companies — Shearson by American Express, for example — gives the system stability."

Mr. Sanford was implying that the financial markets would be less shaky if investment banks could be used as a reason to keep commercial banks out of investment banking. First Options, said William C. Butcher, chairman of Chase Manhattan Corp., "was doing a basic-

worked out under which the holding company, rather than the bank, funneled the money into First Options, enabling First Options to repay the bank the excess amount. The Comptroller also required Continental's directors to sign a consent order promising not to exceed the limit again.

Although the Comptroller acted to protect the bank, it was after the fact. If the amount had been larger, and if the holding company itself had not had enough money, the bank would have suffered the loss.

But bankers offer reasons why First Options' loss should not be used as a reason to keep commercial banks out of investment banking. First Options, said William C. Butcher, chairman of Chase Manhattan Corp., "was doing a basic-

ample, has given them and governments time to deal with the problem without forcing down the developing economy. This has allowed the developing countries to keep their economies afloat.

In contrast, when investment-oriented companies, such as First Options, run into severe trouble, there is little time for working out the problem. The loss is immediate, threatening the bank and at times the financial system.

'To limit conflict of interest, lenders should not be equity investors.'

Henry Kaufman, Managing director, Salomon Brothers

Insulated from the potential problems of investment houses. "Banks accept the necessity for separation and insulation of banking from affiliated securities business to protect federally insured deposits," said Hans H. Angermuller, Citicorp's vice chairman.

Continental's latest loss, however, raised questions about whether that is possible. When the Comptroller of the Currency — the regulator of federally chartered banks — allowed Continental to acquire First Options last year, it told Continental that the most it could lend or invest in the subsidiary would be the amount Continental was allowed to lend to a single borrower — currently about \$620 million.

The Comptroller charged that in rescuing First Options, Continental had exceeded that limit. To satisfy the Comptroller, a deal was

ly commercial banking function, lending to brokers."

"Yes, there are risks in investment banking, but they are less than the kind of risks we commercial bankers deal with every day," he said. Like other bankers, he cited the billions of dollars in bank loans to financially troubled developing countries.

The risks, however, are basically very different. Banks have time to work out problem loans — sometimes years, as in the case of Third World debt. Working informally with the government, they have served as a buffer between sudden jolts to the financial system — such as surges in commodity prices, swings in interest rates and plunges in stock prices — and the real world of business.

Banks' ability to carry Third World loans at book value, for ex-

ample, has given them and governments time to deal with the problem without forcing down the developing economy. This has allowed the developing countries to keep their economies afloat.

In contrast, when investment-oriented companies, such as First Options, run into severe trouble, there is little time for working out the problem. The loss is immediate, threatening the bank and at times the financial system.

That, according to some analysts, is the key difference between commercial banks and investment houses.

Some leading bankers say they would like to return to the old way, but that it is impossible because of changes in the financial system. Two decades ago banks' profits were virtually guaranteed because regulations forced corporations and individuals to keep large amounts of interest-free money with them. Those guaranteed profits had enabled the banks to play their special and stabilizing role.

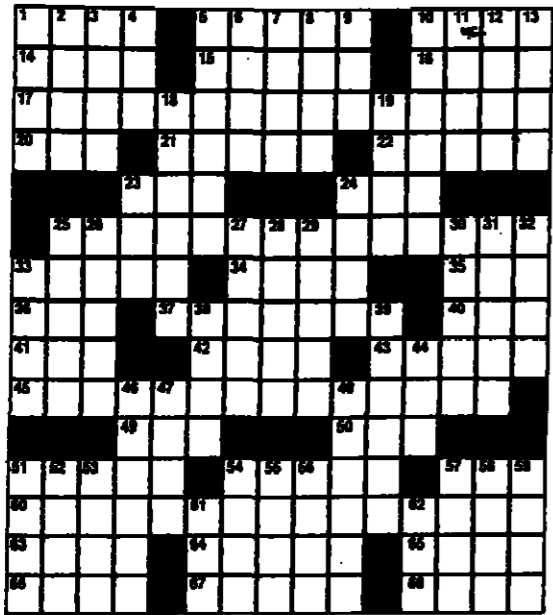
Since then, with advances in computerization and communications that enabled companies to operate worldwide, corporations have found ways to get around these restrictions.

Shrinkage Factor

In the art business it will continue to be a matter of opinion whether the market is in a recovery, however, it is a fact that to shrink costs and systems more cost-efficient and better markets. Now an individual can in a cost get down to micro size the industry has to turn to each specialist Applied Materials for vapor deposition systems that cost a million dollars, but the cost of the system is only a few hundred dollars.

Indigo logo and contact information for Indigo in Kuala Lumpur, Malaysia.

SPORTS



- ACROSS**
- 1 Actress Moreno
  - 5 Sourdough's deed
  - 10 Saroyan hero
  - 14 "Yes" to S. Davis Jr.
  - 15 Capacious
  - 16 Arrived
  - 17 Jack
  - 20 Individual
  - 21 Stair part
  - 22 Sluggish
  - 23 Sound receiver
  - 24 Snow, to Burns
  - 25 Jack
  - 33 Lawful
  - 34 Start of a counting-out rhyme
  - 35 Compass dir.
  - 36 Fronton cheer
  - 37 Evening meal
  - 40 Margin
  - 41 Nabokov novel
  - 42 Use a harvester
  - 43 Part of Hispaniola
  - 45 Jack
  - 48 Zilch
  - 59 Porter
  - 51 Crow
  - 54 Take care of
  - 57 Exist
  - 60 Jack
- DOWN**
- 2 Hayworth role
  - 26 Watery expanse
  - 27 Drive back
  - 28 Neighbor of Tibet
  - 29 Clumsy
  - 30 High nest
  - 31 Modules
  - 32 Big rig, for short
  - 33 Good soil
  - 38 Russian river
  - 39 Hebrew word meaning "peace"
  - 44 Summer quaff
  - 48 Ass or catapult
  - 47 Suits
  - 48 Appraisers
  - 51 Snatch
  - 52 Linn, in León
  - 53 Formerly
  - 54 Shopper stopper
  - 55 Wagnerian goddess
  - 56 Paradise
  - 57 Where Laos is
  - 58 Comedian
  - 59 Looks at
  - 61 Floppy cap
  - 62 Chuzn

SPORTS BRIEFS

Woodsman Takes Million-Dollar Golf Event

SUN CITY, South Africa (AP)—Welshman Ian Woodsman, who had held a one-shot lead after Saturday's third round, won the biggest prize in golf history Sunday by clinching the winner-take-all Million Dollar Challenge with an eagle-2 en route to his second consecutive 4-under-par 68.

Woodsman, the top money-winner on the European tour this year, had a four-round total of 274 and registered a four-stroke victory over Briton Nick Faldo. On the par-4 17th, Woodsman holed a pitch of 163 yards (150 meters) to seal the victory. Faldo finished 68-71—278; David Frost was third with a 280 total, while South African compatriot Fulton Allem, the leader through the first two rounds, faded to 74-74—283.

Holyfield and Park Winners in Title Fights

ATLANTIC CITY, New Jersey (AP)—Evander Holyfield knocked out Dwight Muhammad Qawi with a crushing right to the jaw in the fourth round and retained the International Boxing Federation and World Boxing Association cruiserweight titles here Saturday night.

On Sunday in Seoul, Park Chong-pal won the World Boxing Association supermiddleweight title by knocking out Jesus Gallardo of Mexico 27 seconds into the second round. The Associated Press reported, Park, the International Boxing Federation supermiddleweight champ, was the top contender and Gallardo second-ranked in the newly created WBA division. Park's record is 44-3-1, while Gallardo is 19-2 lifetime.

With one minute gone in the fourth round, Holyfield hurt the 34-year-old Qawi with four jabs and a right to the chin. A left hook floored the challenger, who took a mandatory eight count. Holyfield went right back to work, a right to the head putting Qawi down for good at 2:30. Holyfield, 24, improved to 17-0 lifetime; Qawi is 28-5-1.

Lendl, Wilander Advance to Masters Final

*The Associated Press*

NEW YORK — Two-time defending champion Ivan Lendl reached the Masters tennis championship final Sunday for the eighth straight time with a 6-2, 6-4 victory over eighth-seeded Brad Gilbert Sunday, while No. 3 Mats Wilander beat fellow Swede Stefan Edberg, 6-2, 4-6, 6-3, in the other semifinal at Madison Square Garden.

Lendl needed only 87 minutes to beat Gilbert for the second time in the round-robin tournament and 14th time overall without a defeat. He beat Wilander earlier this year in the French and U.S. open finals and holds a 12-6 edge in their series.

Edberg had won 15 straight matches going into the semifinals, including a straight-set victory over Wilander in round-robin play Saturday. But the No. 2 seed didn't play nearly as well in their semifinal and Wilander played much better.

"The main thing was I returned much better against his serve," said Wilander, who reached the Masters final for the first time, while Lendl is going after a record fifth title. "You have to go for returns against him. Otherwise, his volleys are too good."

Wilander, who won only two points on Edberg's serve in the first set Saturday, returned brilliantly in the opening set Sunday. He broke Edberg's serve three times en route to winning the set in 39 minutes.

Edberg, who had 28 unforced errors, broke to take a 3-1 lead in the second set. But Wilander broke back in the next game and they remained on serve until the final game, which went to 30-all before Wilander netted two straight shots to end the set.

Edberg fell behind 4-0 in the third set, losing two service games

on double faults, and couldn't dig himself out of the hole. He broke Wilander to make it 5-3, but Wilander broke back in the next game to win the match.

On Saturday, Lendl beat Boris Becker, 6-4, 6-7 (3-7), 6-3, eliminating the West German from the round-robin tournament and giving Gilbert the last semifinal berth, while Edberg beat Wilander, 6-2, 7-6 (7-5).

Becker, the No. 5 seed who had lost the last two Masters finals to Lendl, needed to beat Lendl in straight sets to advance.

Wilander and Gilbert, who both finished the round-robin with 2-1 records, advanced to the semifinals because they were runners-up in their four-man groups. Becker, too, would have been 2-1 had he beaten Lendl. But under the complicated Masters rules the two-time Wimbledon champion "needed a straight-set victory to edge out Gilbert for the last semifinal berth."

"He played horribly in the first set because there was pressure on him, but once he realized he was out of the running, he started to hit good," said Lendl, who raised his record against Becker to 7-3.

Becker, plagued by double-faults in his earlier matches, had nine against Lendl. He had a chance to take a 2-0 lead in the first set, but Lendl saved two break points and went on to win the game when the 20-year-old West German mis-hit a backhand. The only break of the set came in the next game. Becker led, 30-15, but double-faulted twice in a row, then netted a forehand.

When Becker won the second-set tie breaker, it snuffed Lendl's 25-set Masters winning streak, which dated back to January 1985, when John McEnroe beat him in the final. Edberg overpowered Wilander in their first set, losing only two points on serve, and appeared in control in the second set after taking a 5-3 lead. But Wilander fought back two match points in the next game and held serve to close to 5-4.

Edberg had two more match points in the 10th game, but double-faulted on the first and netted a volley on the second. Wilander then came up with two straight passing shots to even the set at 5-all.

After each held serve, Edberg took a 3-0 lead in the tie breaker. Wilander saved a fifth match point at 6-4, but he hit a backhand wide on the next point to end the match. Lendl, Wilander and Edberg had clinched semifinal berths Friday night. Edberg when Wilander defeated Pat Cahahan Becker lost to Gilbert for the third straight time.

Wilander beat Cash, 7-6 (7-3), 6-3. Lendl won the next match when No. 4 Jimmy Connors retired because of illness after falling behind, 4-3, in the first set and Gilbert, who upset Becker at the U.S. Open, beat him again, 4-6, 6-4, 6-4.

Connors, suffering from a cold and ear infection, already had lost his first two matches.

In the Becker-Gilbert match there were five service breaks in the opening set, Becker getting the decisive one in the 10th game. After he broke for a 2-0 lead in the second set, Gilbert retaliated in the third game and he broke again in the fifth, courtesy of two double faults by Becker.

There was only one break in the final set, Gilbert getting it in the seventh game, then serving out the 2½ hour contest. Becker had managed only three aces.



Stefan Edberg: Back-to-back matches with compatriot Wilander.

**NHL's Savard Fired**

QUEBEC (AP)—The Quebec Nordiques fired coach Andre Savard late Friday, 24 games into his first National Hockey League season, and replaced him with Ron Lapointe.

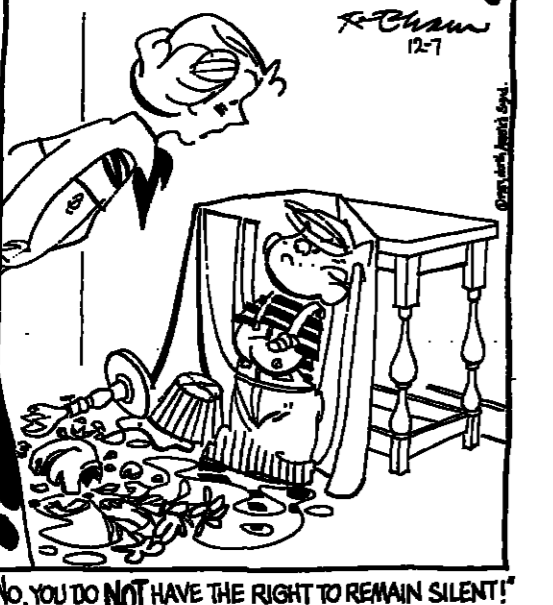
Savard, 34, was named June 19 to succeed Michel Bergeron, who left to become coach of the New York Rangers. But his stint lasted less than two months, ending a day after the Nordiques lost for the eighth time in their last nine games.

Lapointe, 38, took over as coach in Fredericton last June. Shared by Quebec and the Vancouver Canucks, Lapointe is 14-6-3 this season, first in the Northern Division of the American Hockey League.

**Solution to Friday's Puzzle**

T	A	B	T	A	P	I	R	F	A	L	L
A	L	E	A	I	R	E	A	R	I	D	
C	A	L	L	T	I	N	K	E	R	E	L
O	I	L	L	W	E	L	L	S	A	L	L
W	A	N	E	A	C	M	E				
P	R	E	A	S	P	A	L	E	S	T	R
E	A	T	S	R	O	L	L	A	S	T	R
A	C	H		E	N	T	E	R	N	E	R
R	E	E	F		A	G	A	N	A	A	G
D	R	I	L	L	E	R	S				
A	S	S	A	M	A	M	E	N	A	B	L
B	E	L	L	B	O	T	T	O	M		
B	A	I	L	S	A	L	O	P			
A	R	T		S	P	I	N	E			

DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

**ETIRP**

**HAUDE**

**MYCALL**

**DROVEN**

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here:

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	17	11	Bangkok	29	23
Amsterdam	12	7	Beijing	15	9
Athens	17	11	Bombay	31	25
Berlin	10	4	Buenos Aires	18	12
Birmingham	10	4	Calcutta	28	22
Boston	12	6	Chengde	12	6
Brisbane	23	17	Chongqing	18	12
Buenos Aires	18	12	Hankow	14	8
Calcutta	28	22	Harbin	18	12
Chengde	12	6	Hong Kong	22	16
Chongqing	18	12	Kobe	16	10
Hankow	14	8	London	10	4
Harbin	18	12	Los Angeles	14	8
Hong Kong	22	16	Moscow	8	2
Kobe	16	10	New Delhi	28	22
London	10	4	Shanghai	16	10
Los Angeles	14	8	Singapore	26	20
Moscow	8	2	Taipei	18	12
New Delhi	28	22	Tokyo	16	10
Shanghai	16	10	Yokohama	14	8
Singapore	26	20			
Taipei	18	12			
Tokyo	16	10			
Yokohama	14	8			

**MIDDLE EAST**

Ankara 5 41 -3 2  
 Beirut 11 11 11 11  
 Cairo 11 11 11 11  
 Damascus 11 11 11 11  
 Istanbul 11 11 11 11  
 Jerusalem 11 11 11 11  
 Tel Aviv 11 11 11 11

**OCEANIA**

Auckland 11 11 11 11  
 Sydney 11 11 11 11  
 Wellington 11 11 11 11

MONDAY'S FORECAST - CHANNEL 1: Rough, FRANKFURT: Cloudy, TEMP: 2-3 (28-34); LONDON: Showers, TEMP: 2-3 (28-34); MADRID: Cloudy, TEMP: 2-3 (28-34); NEW YORK: Fair, TEMP: 2-3 (28-34); PARIS: Clear, TEMP: 2-3 (28-34); TOKYO: Fair, TEMP: 2-3 (28-34); WASHINGTON: Fair, TEMP: 2-3 (28-34); SYDNEY: Fair, TEMP: 2-3 (28-34); HONG KONG: Fair, TEMP: 2-3 (28-34); MANILA: Fair, TEMP: 2-3 (28-34); BANGKOK: Fair, TEMP: 2-3 (28-34); CALCUTTA: Fair, TEMP: 2-3 (28-34); SINGAPORE: Thunderstorms, TEMP: 2-3 (28-34); TOKYO: Fair, TEMP: 2-3 (28-34).

WORLD STOCKS IN REVIEW / Via Agence France-Press

**Amsterdam**

The Amsterdam stock exchange posted a sharp loss in dull trading last week, with analysts citing dissatisfaction with the U.S. pact to cut the federal budget deficit. The ANP-CBS general index fell 15 points for the week to close Friday at 198.3, for a loss of 7 percent.

Volume for the week was 6.411 billion guilders, up from 6.010 billion the previous week.

**Paris**

Prices on the Paris Bourse fell by 6.2 percent last week, with the CAC index ending at 278.3, compared with 296.5 a week earlier.

On the basis of spot trend indicators, stock prices have fallen 29 percent since the beginning of the year.

**Singapore**

Share prices came under widespread selling pressure in Singapore last week, with the Straits Times industrial index losing a hefty 80.87 points, most of it Friday, to close at a 16-month low of 734.38.

Analysts said the downturn was exacerbated by an absence of foreign fund managers and small local investors as well as the recent declines in Hong Kong.

Volume for the week rose about 50 percent, to 108.6 million units, while value almost doubled, to 203.86 billion Singapore dollars.

**Tokyo**

Share prices declined on the Tokyo Stock Exchange last week in erratic trading influenced by the fall of the U.S. dollar. Share prices had climbed over the two previous weeks.

The 225-issue Nikkei stock average, which had advanced 346.67 yen the previous week, posted a loss of 378.82 yen for the week to close at 22,673.41 yen Saturday.

Trading was thin with average daily volume shrinking to 363.2 million shares from the previous week's 585.2 million.

Institutional investors stayed away because of uncertainty about the dollar, analysts said.

**Zurich**

Zurich stock prices plunged 7 percent last week to approach the year's low. The Credit Suisse index finished at 414.2 Friday, against 444.8 the previous Friday and 406.5, the low, on Nov. 10.

Analysts expressed pessimism about the next few days, saying that cuts in West European interest rates came too late to be of use. All sectors suffered losses, including banking.

**Milan**

The fragility of the dollar forced Milan stocks downward in thin trading after a sharp

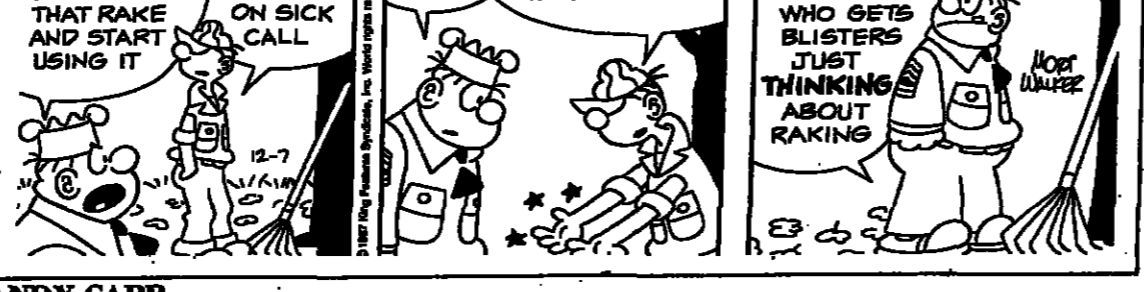
PEANUTS



BLONDIE



BETTY BAILEY



ANDY CAPP



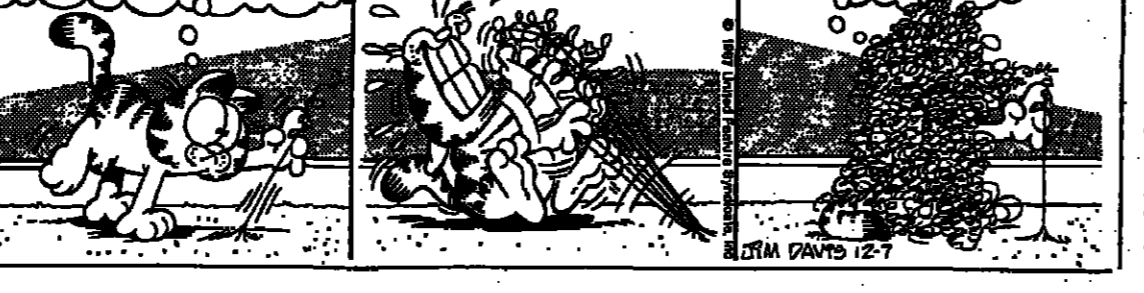
WIZARD of ID



REX MORGAN



GARFIELD



U.S. Reportedly Seeks to Soften Congressional Action on Japan

By Clyde H. Farnsworth  
New York Times Service

WASHINGTON — President Ronald Reagan's cabinet favors some form of retaliation against Japan for its unwillingness to let American companies compete in Japanese construction projects, administration officials have said.

But it opposes a measure that was approved overwhelmingly in the House of Representatives on Thursday that would bar Japanese companies and suppliers from public works projects in the United States, the officials added. The administration, the officials said Friday, prefers to delay any action until Japan's new prime minister, Noboru Takeshita, visits Washington in late January.

The Japanese construction industry operates like a private club that is difficult for outsiders to penetrate. Its internal structure is widely seen as a closed system of associated companies that have interlocking relationships with the government.

The U.S. House measure, if it lasts through a conference with the Senate and is not vetoed by President Reagan, would keep the Japanese out of all federally financed construction projects over the next year, Japanese contractors do about \$100 million worth of business in the United States annually. They are currently working on an expansion of the Washington Metro and on a Los Angeles subway system. The House bill would not affect existing projects.

Administration officials declined to provide specifics on what kinds of retaliation it would favor, but some trade analysts in Washington characterized the House action as stronger than what might eventually emerge from the White House. The administration is weighing steps similar to those taken in the spring in a dispute over a computer chip pact, in which it would start a retaliatory process under Section 301 of the Trade Act of 1974.

This involves a special investigation by the trade representative's office and then a recommendation to the president that he could accept, reject or modify.

The process requires a determination of the amount of American trade lost by any restrictive practices, and then, should the president agree, action to exclude that amount of trade from the offending country.

Secretary of State George P. Shultz has persuaded the cabinet to postpone any action against Japan until Mr. Takeshita visits Washington, the officials explained.

Shultz feels it would be too much of a slap at Japan to do anything during Takeshita's honeymoon period, a senior administration trade official said, "and he's gotten the cabinet to go along." Mr. Takeshita, a former finance minister, was installed as prime minister on Nov. 6, succeeding Yasuhiro Nakasone, who had a close relationship with Mr. Reagan.

Although they were partially lifted recently, the sanctions resulting from the computer chip case are still in place against Japan. The penalties were the first trade retaliation by Washington against Tokyo in the postwar period, and they have drawn strong Japanese protests.

The White House opposes the House proposal generally because it is legislatively mandated trade retaliation. "We feel the president must retain maximum flexibility in dealing with foreign governments," a trade official said.

The House measure was approved by a 399-17 vote, as an amendment to a catch-all spending bill for 1988.





CURRENCY MARKETS

Dollar Falls Again in N.Y. Trading

NEW YORK — The dollar fell lower Friday in quiet New York trading amid persistent doubt about Washington's ability to reach agreement on a plan to reduce the federal deficit, dealers said.

Congressional and White House negotiators have been negotiating for nearly two weeks on cutting the deficit, but have not arrived at an accord. Stuart Frost, a dealer with National Westminster Bank, predicted "very difficult going."

"Dollar buying earlier in Europe by the West German central bank, or Bundesbank, and by the Swiss central bank also did little to reverse the negative sentiment."

The dollar closed in London at 1.6760 DM, up from 1.6735 DM at Thursday's close but down a dramatic 5 pence from 1.7295 a week earlier.

The U.S. currency ended fractionally lower in London against the British pound, which firmed to \$1.7830, against \$1.7820 Thursday and \$1.7215 a week earlier.

Scott Horowitz, a money trader for Bank of Boston in New York, said that the dollar rose only briefly in New York in the afternoon on news that Republican Party negotiators had offered a \$75.5 billion federal budget cut over two years.

London Dollar Rates

Table with columns: Currency, Fri., Thu., and other market data.

The dollar closed in London at 1.6760 DM, up from 1.6735 DM at Thursday's close but down a dramatic 5 pence from 1.7295 a week earlier.

RATES: For Economies of U.S., Other Major Nations, No Easy Answers

(Continued from Page 1) er so that they will buy more U.S. exports and use more of their resources at home, rather than ship them to the United States and worsen the U.S. balance of payments and debt position.

ECU Stirs Some Enthusiasm As Dollar and U.S. Falter

LUXEMBOURG — The ECU, an exotic currency without coins or bank notes, is emerging in these shaky market times as a potential lifeline for the economies of Western Europe.

With the dollar crumbling and faith in U.S. leadership shaken by the collapse in stock prices, some bankers are promoting the ECU as a currency unit as a linchpin of an integrated European economy.

Proponents say the ECU should become the European Community's common currency, a rival to the dollar and a safeguard against exchange rate volatility.

Yet Fernandez Herman, a member of the European Parliament, remarks: "Nationalists who balk at the idea of the ECU supplanting their own currencies should realize European banks already have more than \$900 billion on their books" in U.S. dollars.

Signals Are Mixed on Fed Discount Rate Cut

NEW YORK — The Federal Reserve may be set to cut the discount rate once the pieces of international monetary policy fall into place, but U.S. banking data suggest the central bank will not ease monetary policy immediately, economists say.

"The numbers from last week were extremely constructive and make it look like the Fed is on the verge of cutting the discount rate," said Robert Brusca of Nikko Securities International Inc.

But he warned the new statement period with a firmer federal funds rate, which makes them look a little less accommodative," he said.

Although federal funds are reserves traded overnight among commercial banks, the Federal Reserve can influence the lending rate by its money market policies.

When there are adequate reserves in the banking system or if the federal funds rate falls, banks have less reason to borrow from the Fed's discount window.

In fact, banks' discount-window borrowing from the Fed amounted to a meager \$254 million in the week ended Wednesday.

Euro-Commercial Paper

Table with columns: Maturity, Bid, Ask, and other market data for Euro-Commercial Paper.

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Friday's OTC Prices. NASDAQ prices as of 3 p.m. New York time. Via The Associated Press.

Table A: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table B: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table C: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table D: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table E: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table F: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table G: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table H: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table I: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table J: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table K: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table L: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table M: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table N: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table O: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table P: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table Q: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table R: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table S: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table T: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table U: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table V: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table W: Market data for various stocks, including columns for High, Low, and P.M. Close.

Friday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trading elsewhere.

Table X: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table Y: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table Z: Market data for various stocks, including columns for High, Low, and P.M. Close.

Table AA: Market data for various stocks, including columns for High, Low, and P.M. Close.

Handwritten signature or mark at the bottom center of the page.

ACROSS 1 Audition award 5 Able follower 10 Cross an R or X 15 Plucky 19 Tony's cousin 20 "In bad company"

DOWN 1 Not neg. 3 Inlet 4 Arranged in three 5 Hines and Siepi 6 Route to Fairbanks 7 Asian pen. 8 Alfonso's queen et al.

Imperfect Copies By Richard Silvestri. A crossword puzzle grid with 15x15 dimensions.

DOWN 64 Saddle affections 73 Bremen's river 90 Uncloses, to the Bard 103 "The Walrus," Beatles song

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



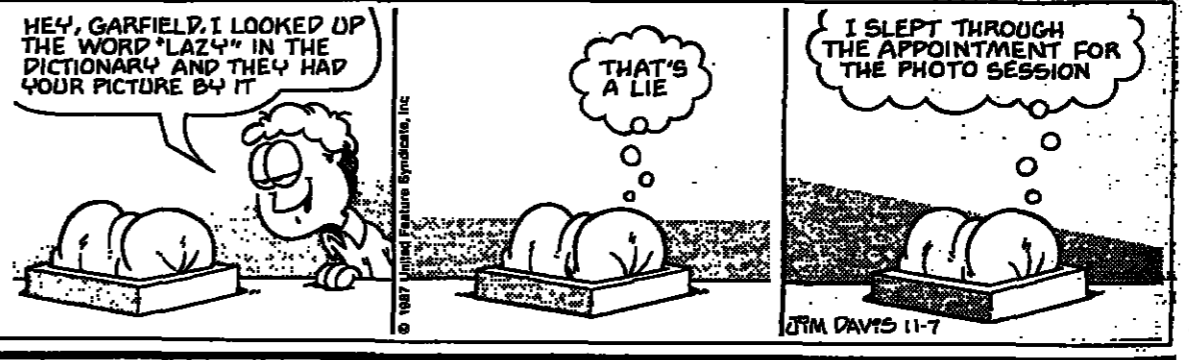
WIZARD OF ID



REX MORGAN



GARFIELD



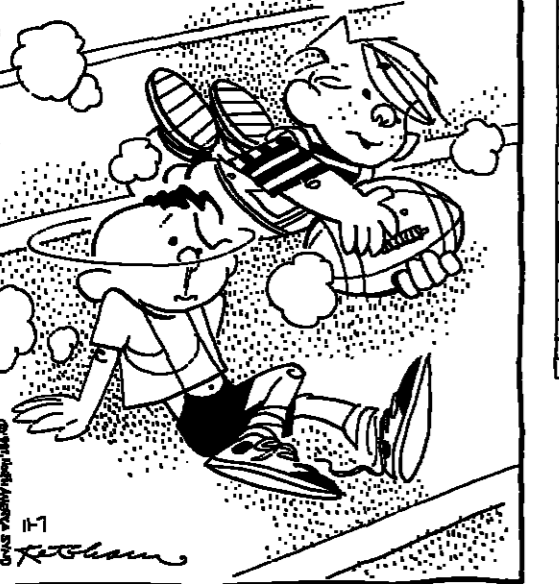
LIVING WITH WAR: A Belfast Year

By Sally Belgrave. 303 pages. \$19.95. Elisabeth Sifton/Viking Inc. 40 West 23d Street, New York, N. Y. 10010.

BOOKS

The Belfast accent (there are several variations of it) is unique. The idiom is not. Many of the phrases Belgrave recorded during a year in intermittent visits to Belfast...

DENNIS THE MENACE



Solution to Last Week's Puzzle

A crossword puzzle solution grid with words highlighted in black.

Lois Decker O'Neill, who divides her time between County Kerry, Ireland, and Hanover, New Hampshire, wrote this review for The Washington Post.

Vertical text on the right edge of the page.

WEATHER

Weather forecast tables for Europe, Middle East, and Oceania, including high/low temperatures and wind directions.

World Stock Markets

World Stock Markets table with columns for various cities like Amsterdam, London, Hong Kong, Frankfurt, Zurich, Tokyo, and Sydney, listing stock prices and indices.

SPORTS

Sports news and scores, including 'European Golfers Hold' and 'Hockey' sections with player names and scores.

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Handwritten text at the bottom right of the page: ھکڈمن انھل

SPORTS

Bogues: With No Short Cuts, It Was a Long Way From Ghetto to NBA

By Jane Levy
Washington Post Staff Writer
WASHINGTON — Once in a game for Dumber High School in Baltimore, Muggsy Bogue came down the left side of the court, spun about and passed off to Reggie Williams without even looking to see whether his teammate was there. Now Bogue starts to diagram to explain. He shrugs. This is not about words. "Jump, I spin, I'm still in the air, and I flipped it over my neck," he says. "Who knows?"

By That gave me the willpower to believe in myself. To try to conquer.
In the housing project of East Baltimore, the world was organized according to which recreation center you played for. Either you were a Lafayette guy like Bogue and Williams or a Cecil guy like David Wingate. But if you were a guy, you played.

wasn't difficult to the point where it was a life and death situation, but it was difficult.
In 1981 his father, Richard, was sentenced to 20 years in the Baltimore City Correctional Center for armed robbery, according to a spokesman for the Maryland Division of Corrections.

In Baltimore. "Every afternoon he used to come and get me to play one-on-one... He was determined to do something other than get in trouble."
In the neighborhood they called him Muggsy after the character in "The Bowery Boys" movies, a little guy with a mug face who led a gang of street kids. "Everybody got taller except Muggsy," Bush said. "It kind of hurt him. Once he got the recognition, he liked being Muggsy Bogue, the little guy. He loves it now."

social Darwinism. Bogue not only survived, he dominated. He was the most valuable player in city league championships and most valuable player of Dumber's undistinguished 1982-83 team, which was ranked No. 1 in the county.

"Face it," said North Carolina State's coach, Jim Valvano. "People love underdogs — from the Little Engine That Could right up to Rocky. He's a happening. He's going to be a happening if he makes it."

Second of two parts
Bogue takes left. He takes right. He looks over his shoulder. There is a weightlessness then, a giddy isolation. A sober drunkenness, he calls it.

"Being in the area, you pick up bad habits," said Ed Bush, Bogue's best friend. "You see people not excited, you see guys selling drugs. You deal with the women or you played ball."

Muggsy Bogue, 5-foot-3: 'I was out to prove to the rest of the world that I wasn't going to give up because of my size.'
Anthony, and an older sister, Sherron. Everyone but Richard played basketball. Everyone stayed out of trouble. "All parents are scared of their kids getting in trouble," their mother said. "I just told them if they got in trouble, I'd kill them. No, not really."

ing the ball and driving to the basket against bigger players. "We played pickup games," Wingate said. "If no one picked him up, he'd be mad because he knew he could play with the big guys. He'd try to go off on somebody, score a lot of points to show they should have picked him up."

Not to be God, so to speak, not to be the best person on this earth, to be just an ordinary human being, who would like to make his life better and hope it can rub off on others," he says. "Right, Sharty?"

"My experience is so high, it's to a point where nothing can get to me, the critics, the commentators," he says. "Nothing can get me to a point to give in and say, 'You all were right.' I don't care what happens. If the season starts and things don't go so well for me, it still won't matter. I know he's not going to make it, it's too small, they're paying him all that money and he's making a fool out of himself. That still wouldn't break me. I know it in my mind. I can play this game as well as anybody."

Not Sunstruck, Just 'Sunraycer'

A surprised kangaroo was the only spectator Friday as "Sunraycer," General Motors' entry in a 2,000-mile (3,200-kilometer) race for solar-powered vehicles, zoomed past in Australia's outback. "Sunraycer," which led all way, beat its nearest rivals by more than 600 miles, covering the distance from Darwin to Adelaide in 5 1/2 days, at an average speed of 50 miles per hour. Of the 20 other entries, Ford's Model S and the Swiss entry, "Spirit of Biel," were the nearest challengers.



Charger-Colt Game: The Bad Get Better

By Gerald Eskcnazi
New York Times Staff Writer
NEW YORK — If there is a game that symbolizes the futility in predicting how National Football League teams will do based on previous season's records, it is the San Diego-Indianapolis affair Sunday. A battle of division leaders, no less.

SPORTS BRIEFS

European Golfers Hold Lead in Japan
INAGI, Japan (AP) — European golfers, who won the Ryder Cup in September, beat a Japanese team, 10-2, Friday for a second consecutive victory and led at the midway mark in the World Championship of Golf.

UEFA Chief Ready to Act on Violence
ZURICH (Reuters) — The president of the European Football Union, UEFA, said Friday that severe measures would be taken to put an end to soccer violence.

For the Record
Super heavyweight champion Jeff Fenech of Australia and Carlos Zarate of Mexico will fight a rematch of their World Boxing Council title bout, in Sydney on Dec. 18, the WBC announced.

Quotable
Iowa State's football coach, Jim Walden, on Saturday's opponent, Nebraska: "I think they're a heck of a team. They're big. They're strong. They're fast. Their mothers love them. They have nice red suits. They have nice white hats with an 'N' on them. And they kill you."

Lakers Still Rule in NBA West

By Sam Goldaper
New York Times Staff Writer
NEW YORK — There were weird happenings in Dallas and Houston last season, in the Midwest Division of the National Basketball Association's Western Conference.

Smith, the smart 6-3 point guard from North Carolina.
The San Antonio Spurs won 28 games last season and may have trouble matching that this year. Most teams have bettered themselves; the Spurs have not. Their strength is in the backcourt with Alvin Robertson, the league leader in steals the last two seasons, Johnny Dawkins and Johnny Moore.

Ensign Robinson Doing Admirably
NEW YORK — David Robinson didn't get a promotion, but he got a big, very big, raise Thursday.

all-star game, Floyd had the NBA's second-best assist record. Chris Mullin added 15.1 points and Purvis Short returned from a knee injury in time to help. If the talented 6-11 Chris Washburn, who spent part of his rookie season in a rehabilitation center, can stay out of trouble, fan their development can be expected.

NATIONAL CONFERENCE
Chicago Bears (6-1) at Green Bay Packers (3-3-1): These teams began playing each other in 1971. Now they meet for the 134th time. Even the old championship Packers never had a 6-foot-7-inch (2.01 meters), 342-pounder (155 kilograms) at right tackle. But the line that includes Steve Collier is in trouble, tailor-made for the Bears, who already have 45 sacks.

SCOREBOARD

Table with NHL Standings and Campbells Conference results. Columns include team names, wins, losses, points, and goals for/against.

Transition

Table with Baseball and Basketball news items, including player movements and team updates.

European Soccer

Table with UEFA Cup third-round matches and other European soccer results.

Yugoslav Soccer Violence Leaves 20 Persons Injured

BELGRADE — Twenty persons were injured, one seriously, during the Cup Winners' Cup match between Hajduk Split and Olympique Marseille, the Yugoslav press reported Friday.

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